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LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 02186)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Group had, during the Relevant Period, subscribed for certain wealth management products with Guangfa Bank. Following a further subscription of wealth management products by the Group on 30 September 2015, the maximum cumulative amount of the unsettled wealth management products with Guangfa Bank during the Relevant Period amounted to RMB450,000,000.

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the amount under the Agreements outstanding from time to time should be aggregated for the purpose of calculating the percentage ratios (as defined under Rule 14.07 of the Listing Rules). When aggregated, as one or more of the applicable percentage ratios for the Agreements exceed 5% but are all less than 25%, the transactions under the Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

The Group had, during the Relevant Period, subscribed for certain wealth management products with Guangfa Bank. Following a further subscription of wealth management products by the Group on 30 September 2015, the maximum cumulative amount of the unsettled wealth management products with Guangfa Bank during the Relevant Period amounted to RMB450,000,000. As a result, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the subscription for wealth management products with Guangfa Bank first exceeded 5% and therefore constituted a discloseable transaction.

THE AGREEMENTS

A summary of the principal terms of the Agreements are set out below:

Parties	:	Yantai Luye Pharma (a wholly-owned subsidiary of the Company), as the subscriber Guangfa Bank, as the custodian bank
Type of return	:	Principal guaranteed with fixed return
Investment portfolio	:	Financial instruments such as money market instruments (including but not limited to, interbank deposits, interbank lending and repurchases) and debentures (including but not limited to government bonds, various financial bonds, corporate bonds, enterprise bonds, central bank bills, mid-term notes and short-term debentures). For certain Agreements, part of the investment would be made in USD/HKD currency linked financial derivatives. The return of wealth management product under such Agreements would depend on the exchange rate of USD/HKD during the relevant investment period.
Return calculation	:	$\text{Investor's return} = \text{units of the wealth management product held by the investor} \times \text{net annualised rate of return actually paid to the investor} \times \text{actual number of days of the wealth management product} / 365$
Bank subscription fee	:	Fixed investment management fee of 0.2% (per annum)
Early termination	:	Guangfa Bank has the right of early termination
Payment and return upon maturity	:	Guangfa Bank will pay the principal and wealth management returns to the designated account of investor on the maturity date.
First date of subscription	:	23 December 2014

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The subscription of the wealth management products with Guangfa Bank is principal-preservation in nature utilising certain temporarily idle funds of the Group, and was conducted on the premises that such investments would not affect the working capital of the Company or the operation of the Group's principal business. The subscription of the wealth management products under the Agreements have been financed from the Group's internal resources.

The subscription of the wealth management products with Guangfa Bank is conducive to improving the capital usage efficiency and generating investment return from the Group's temporarily idle funds. As disclosed in the announcement of the Company dated 1 June 2015, giving top priority to risk prevention, the Company implemented control and made prudent decisions in respect of the purchase of wealth management products on the principle of protecting the interests of all shareholders and the Company. On one hand, the Company is able to generate a relatively higher return from subscribing the wealth management products than fixed-term bank deposits and on the other hand, the Company is able to retain flexibility in redeeming wealth management products when it foresees there is a cash need.

As such, the Directors are of the view that the terms and conditions of the Agreements are fair and reasonable and the subscription of the wealth management products under the Agreements is in the interests of the Company and its shareholders as a whole.

GENERAL

Information on the Group and Yantai Luye Pharma

The Group is a pharmaceutical company based in the PRC which focuses on the development, production, marketing and selling of innovative products in oncology, cardiovascular system, and alimentary tract and metabolism.

Yantai Luye Pharma is a company with limited liability established in the PRC and is an indirect wholly-owned subsidiary of the Company. The principal business of Yantai Luye Pharma is investment holding.

Information on Guangfa Bank

Based on information available on the internet, Guangfa Bank is a licensed bank incorporated under the laws of the PRC. The principal businesses of Guangfa Bank include the provision of corporate and retail banking services, assets management, wealth management as well as other financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangfa Bank and its ultimate substantial beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the amount under the Agreements outstanding from time to time should be aggregated for the purpose of calculating the percentage ratios (as defined under Rule 14.07 of the Listing Rules). When aggregated, as one or more of the applicable percentage ratios for the Agreements exceed 5% but are all less than 25%, the transactions under the Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Agreements”	the series of subscription agreements in relation to subscription of wealth management products entered into between Yantai Luye Pharma and Guangfa Bank during the Relevant Period
“Board”	the board of directors of the Company
“Company”	Luye Pharma Group Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangfa Bank”	China Guangfa Bank Co., Ltd. (廣發銀行), a licensed bank incorporated under the laws of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPO”	the global offering of the Company referred to in the prospectus of the Company dated 26 June 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Relevant Period”	the period from 9 July 2014, being the date on which the Shares are listed and first traded on the Stock Exchange, to the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of US\$0.02 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“Yantai Luye Pharma”	烟台綠葉醫藥控股有限公司 (Yantai Luye Pharma Holdings Co., Ltd.), a company with limited liability established in the PRC, and a wholly-owned subsidiary of the Company

By Order of the Board
LUYE PHARMA GROUP LTD.
Liu Dian Bo
Chairman

Hong Kong, 30 September 2015

As at the date of this announcement, the Executive Directors of the Company are Mr. LIU Dian Bo, Mr. YANG Rong Bing, Mr. YUAN Hui Xian and Ms. ZHU Yuan Yuan; the Non-executive Directors are Mr. PAN Jian, Mr. LIU Dong and Ms. WANG Xin; and the Independent Non-executive Directors are Mr. ZHANG Hua Qiao, Professor LO Yuk Lam, Mr. LEUNG Man Kit and Mr. CHOY Sze Chung Jojo.