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LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 02186)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Luye Pharma Group Ltd. (the “**Company**”) dated 2 February 2015 in relation to the supplemental agreement entered into between Shandong Luye, a wholly-owned subsidiary of the Company, Mylin Holdings and the Target pursuant to which the parties agreed to amend the First Tranche Agreement and the Second Tranche Agreement (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as defined in the Announcement and the circular of the Company dated 31 December 2014, unless the context requires otherwise.

The Directors would like to provide Shareholders with further information in relation to the Mylin Holdings Jan 2015 Supplemental Agreement as set out below.

As set out in the Announcement, the Mylin Holdings Jan 2015 Supplemental Agreement extended the Long-stop Date to 31 May 2015 so as to provide the Group with flexibilities in terms of the timing for the completion of the First Tranche Acquisition.

On 16 January 2015, when the Shareholders approved the Acquisitions, the Directors expected that the parties were able to fulfil the condition precedent in obtaining the approval from the Ministry of Commerce of the PRC in respect of the First Tranche Acquisition, the Third Tranche Acquisition and the Remaining Equity Interest Acquisitions before the then Long-stop Date, being 31 January 2015. It was not until towards the end of January 2015, the Company was informed by its PRC legal advisers that the approval process of the Ministry of Commerce of the PRC might require a longer time than originally anticipated. The Company was advised by its PRC legal advisers that such an extension of time to obtain the said approval is mainly due to procedural and administrative matters. The Company’s PRC legal advisers expect that, barring unforeseen circumstances, the Company would be able to obtain such approval from the Ministry of Commerce of the PRC no later than 31 May 2015.

The Directors are of the view that the amended terms under the Mylin Holdings Jan 2015 Supplemental Agreement do not constitute a material variation of the terms of the Agreements, taking into account that the purchase price, the total investment amount and the subject matter remain unchanged. The Mylin Holdings Jan 2015 Supplemental Agreement aims to extend the Long-stop Date, pursuant to which further refundable deposit was made to Mylin Holdings in return for a further share pledge from Mylin Holdings as security. According to the Agreements (as amended), the deposits are refundable in the event that the Completion does not take place. The Directors take the view that the amended terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the basis set out above, the Directors do not consider that further Shareholders' approval would be required subsequent to the Shareholders' approval obtained at the Special General Meeting held on 16 January 2015.

Shareholders and potential investors should note that completion of the Acquisitions and the Remaining Equity Interest Acquisitions is subject to conditions precedent to be fulfilled. The Acquisitions and the Remaining Equity Interest Acquisitions may or may not proceed as contemplated or at all. Shareholders and potential investors should also note that there are risks associated with the Acquisitions and the Remaining Equity Interest Acquisitions and they should consider and assess all the risks carefully. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares and other securities of the Company.

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

Hong Kong, 9 February 2015

As at the date of this announcement, the Executive Directors of the Company are Mr. LIU Dian Bo, Mr. YUAN Hui Xian, Mr. YANG Rong Bing 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.