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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)

**DISCLOSEABLE TRANSACTION
THIRD PARTY INVESTMENT
IN SHENZHEN LUYE**

THE INVESTMENT

The Board announces that, on 22 July 2024, the Investor, the Sellers and the Luye Parties entered into the Investment Agreement, pursuant to which the Investor has conditionally agreed to make an investment of up to RMB1,600 million in Shenzhen Luye, which will be implemented sequentially in several steps. Upon completion of the Investment, the Investor will hold a total of 34.8% equity interest in Shenzhen Luye.

Under the Investment Agreement, the Investor is granted the Repurchase Option which entitles the Investor to request the Luye Parties to repurchase the Investor's entire holding in the Target Companies.

LISTING RULES IMPLICATIONS

As the Group's percentage shareholding in Shenzhen Luye will be reduced after the Investment, the Investment constitutes a deemed disposal of equity interest in Shenzhen Luye under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Investment (taking into account the maximum amount of the Group's equity interest in Shenzhen Luye that may be required to be transferred to the Investor under the Undertakings) and the Repurchase Option is more than 5% but less than 25%, the Investment and the Repurchase Option each constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE INVESTMENT

The Board announces that the Investor has conditionally agreed to make an investment of up to RMB1,600 million in Shenzhen Luye.

THE INVESTMENT AGREEMENT

The salient terms of the Investment Agreement are summarised as follows:

Date

22 July 2024

Parties

1. the Investor
2. the Sellers
3. the Luye Parties

Yantai Luye is a limited partner of, and holds a 9% interest in, the Investor. Save as aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Investment

Pursuant to the Investment Agreement, the Investor will make an investment of up to RMB1,600 million in Shenzhen Luye, which will be implemented sequentially in several steps as described below.

1. Acquisition of 25% Interest in Nanjing Luye

The Investor will acquire from the Sellers an aggregate of 25% equity interest in Nanjing Luye for a total cash consideration of RMB1,000 million (the “**Initial Investment**”). The consideration of the Initial Investment is determined after arms' length negotiation among the parties taking into account Nanjing Luye's historical performance, its current market presence, the sales performance of its existing products as well as products in the pipeline, and general market conditions.

Nanjing Luye is an indirectly wholly-owned subsidiary of the Company and is held as to 75% and 25% by Shenzhen Luye and the Sellers, respectively. Each of the Sellers is a wholly-owned subsidiary of the Company.

Completion

Completion of the Initial Investment is subject to the satisfaction of certain conditions, which include among others the following:

- (a) the Investor having completed its pre-investment due diligence work, and obtained the internal approvals and relevant regulatory approvals in relation to the Initial Investment; and
- (b) the Company having entered into an agreement with Nanjing Luye or its wholly-owned subsidiary to exclusively and irrevocably sub-license the rights for the development, sales, promotion, production, and other rights of Zepzelca® in the PRC, Hong Kong and Macau.

The conditions precedent for completion of the Initial Investment shall be satisfied within 60 days after the date of the Investment Agreement. Completion of the Initial Investment shall occur within 20 days after all conditions precedent for completion of the Initial Investment have been satisfied (or waived by the Investor) and whereupon the Investor shall pay the Sellers the consideration in cash.

2. Investment in Shenzhen Luye

Following completion of the Initial Investment, the Investor will subscribe for 25% new equity interest in Shenzhen Luye by contributing its 25% Nanjing Luye acquired under the Initial Investment to Shenzhen Luye (the “**Topco Investment**”). Upon completion of the Topco Investment, Nanjing Luye will become a wholly-owned subsidiary of Shenzhen Luye, and represents the only substantive asset held by Shenzhen Luye.

Completion of the Topco Investment is subject to the satisfaction of certain conditions, which include among others the following:

- (a) the Investor having obtained the internal approvals in relation to the Topco Investment; and
- (b) the Initial Investment having been completed.

The parties shall enter into an equity swap and capital increase agreement in relation to the Topco Investment within 10 days after all conditions precedent for completion of the Topco Investment have been satisfied (or waived by the Investor), and the parties shall register the Topco Investment with the local administration for market regulation within 10 days after the date of such agreement.

3. Further Investment in Shenzhen Luye

The Investor has conditionally agreed to further subscribe for new registered capital of Shenzhen Luye for a total investment amount of RMB600 million (the “**Further Investment**”). The Further Investment is divided into two tranches. The first tranche is in the amount of RMB400 million and is subject to the satisfaction (or waiver by the Investor) of certain conditions, which include among others the following:

- (a) the Topco Investment having been completed;
- (b) the Investor having completed its due diligence work and obtained the internal approvals in relation to the Further Investment; and
- (c) the Topco Investment having been registered with the local administration for market regulation.

The second tranche of the Further Investment is in the amount of RMB200 million and is subject to the satisfaction (or waiver by the Investor) of certain conditions, which include among others the following:

- (a) Shenzhen Luye or its wholly-owned subsidiaries having obtained the import drug registration certificate for Zepzelca® in the PRC, and the exclusive sales rights of Zepzelca® in the PRC, Hong Kong, and Macau having been assigned to Shenzhen Luye or its wholly-owned subsidiaries; and
- (b) no circumstance having occurred that would have a material adverse effect on Shenzhen Luye, Nanjing Luye and their respective subsidiaries.

Under the Further Investment, the Investor will acquire equity interest in Shenzhen Luye representing approximately 13.0% of the capital of Shenzhen Luye as enlarged by the Further Investment. Following completion of the Further Investment, the Investor will hold a total of 34.8% equity interest in Shenzhen Luye.

The consideration of the Topco Investment and the Further Investment is determined after arms’ length negotiation among the parties and is based on the amount of consideration payable by the Investor under the Initial Investment.

Repurchase Option

Under the Investment Agreement, the Investor is granted the right to request the Luye Parties to repurchase the entire or any part of the Investor's holding of equity interest in the Target Companies (the "**Repurchase Option**") at any time after completion of the Initial Investment upon the occurrence of one of certain events, which include the following:

- (a) there shall occur any of the following events which has a material adverse effect on the business of the Target Companies, and which cannot be remedied within three months following its occurrence:
 - the existing pharmaceutical production license of Nanjing Luye is revoked, suspended or cancelled, or expires;
 - the drug registration certificates held by Nanjing Luye for its key products are transferred to a third party or cancelled, or expires;
 - Shenzhen Luye or its subsidiaries incur criminal or administrative fines over RMB10 million, or are ordered to pay damages exceeding RMB100 million in any legal proceedings;
- (b) Shenzhen Luye fails to publish its annual audited consolidated financial statements by 30 June of the subsequent year, or the financial statements receive a qualified audit opinion;
- (c) any material breach of the Investment Agreement by the Luye Parties;
- (d) Shenzhen Luye has not achieved a separate listing of its shares on a recognized stock exchange by 31 December 2029;
- (e) the Company or Mr. Liu ceases to control any of the Target Companies; or
- (f) the aggregate cumulative annual Net Profits of Shenzhen Luye for the period from 1 January 2024 up to the end of any of the years ending 31 December 2025 to 2028 is less than 50% of the indicative aggregate cumulative annual Net Profits of Shenzhen Luye for the respective years as set out under the Profit Undertaking.

The Repurchase Option is not exercisable after 31 December 2032. The price payable by the Luye Parties to the Investor upon the exercise of the Repurchase Option will be calculated based on the purchase price paid by the Investor under the Investment for the equity interest in the Target Companies in respect of which the Repurchase Option is being exercised at a simple interest rate of 6% calculated from the date of the payment of the purchase price by the Investor until and including the option price settlement date (which must be a date not later than 60 business days following the date of exercise of the Repurchase Option).

Further Undertakings

Valuation Undertaking

Under the Investment Agreement, the Luye Parties have undertaken to the Investor that if the valuation of the Investor's equity interest in Shenzhen Luye as at 31 December 2028 as determined by one of the top five asset appraisal institutions according to the China Appraisal Society is less than the purchase price it paid for such equity interest under the Investment, the Luye Parties shall compensate the Investor (the "**Valuation Undertaking**") by, at the option of the Investor, either (i) paying the Investor an amount in cash equal to the decrease in the valuation; or (ii) transferring a portion of the Group's equity interest in Shenzhen Luye to be determined as follows:

$$A = B \times (C/D - 1)$$

where:

A = the equity interest in Shenzhen Luye to be transferred to the Investor. The Investor and the Luye Parties have agreed that the maximum amount of equity interest in Shenzhen Luye to be transferred to the Investor under the Valuation Undertaking shall be limited so that following the transfer, the Group's interest in Shenzhen Luye shall be not less than 51%, and any shortfall in the amount of compensation will be settled by the Luye Parties in cash;

B = the Investor's equity interest in Shenzhen Luye;

C = the purchase price the Investor paid for B under the Investment; and

D = the valuation of the Investor's equity interest in Shenzhen Luye as at 31 December 2028.

Profit Undertaking

The Luye Parties have further undertaken to the Investor that if the aggregate cumulative Net Profits of Shenzhen Luye for the five financial years ending 31 December 2028 shall be less than RMB2,501 million, the Luye Parties shall compensate the Investor (the "**Profit Undertaking**") by, at the option of the Investor, either:

(i) paying the Investor an amount in cash to be determined as follows:

$$E = C \times (1 - F/G)$$

where:

E = the amount of compensation in cash to be paid to the Investor;

C = the purchase price the Investor paid for its equity interest in Shenzhen Luye under the Investment;

F = the actual aggregate cumulative Net Profits of Shenzhen Luye for the five financial years ending 31 December 2028; and

G = RMB2,942 million; or

- (ii) transferring a portion of the Group's equity interest in Shenzhen Luye to be determined as follows:

$$H = B \times (G/F - 1)$$

where:

H = the equity interest in Shenzhen Luye to be transferred to the Investor. The Investor and the Luye Parties have agreed that the maximum amount of equity interest in Shenzhen Luye to be transferred to the Investor under the Profit Undertaking shall be limited so that following the transfer, the Group's interest in Shenzhen Luye shall be not less than 51%, and any shortfall in the amount of compensation will be settled by the Luye Parties in cash;

B = the Investor's equity interest in Shenzhen Luye;

F = the actual aggregate cumulative Net Profits of Shenzhen Luye for the five financial years ending 31 December 2028; and

G = RMB2,942 million.

The Investor's rights under the Repurchase Option, the Valuation Undertaking and the Profit Undertaking are non-cumulative. Any amount payable to the Investor upon the exercise of its rights under the Repurchase Option, the Valuation Undertaking or the Profit Undertaking (as the case may be) shall be net of any amount previously paid to the Investor under any of the other Repurchase Option, the Valuation Undertaking or the Profit Undertaking.

The Group has agreed to pledge its equity interest in Shenzhen Luye to the Investor as security for the performance by the Sellers and the Luye Parties of their obligations under the Investment Agreement.

Board Representative

Following completion of the Initial Investment and until completion of the Topco Investment, the Investor has the right to appoint a representative to the board of directors of Nanjing Luye. Following completion of the Topco Investment, the Investor has the right to appoint a representative to the board of directors of Shenzhen Luye and whereupon any representative nominated by the Investor to the board of directors of Nanjing Luye shall resign from such office.

Other Rights of the Investor

Under the Investment Agreement, the Investor is given certain shareholders rights including pre-emptive right, co-sale right, right of first refusal, anti-dilutive right over the equity interest of the Target Companies. In the event of the winding up of a Target Company, the Investor shall have the right to request the relevant Target Company to redeem its equity interest held in the Target Company and such right shall rank ahead of the distribution rights of the remaining shareholders of such Target Company.

Indemnity

The Luye Parties have given certain representations, warranties and undertakings relating to the business, assets and liabilities of Nanjing Luye and Shenzhen Luye to the Investor and have agreed to indemnify the Investor in the event of any breach of such representations, warranties and undertakings.

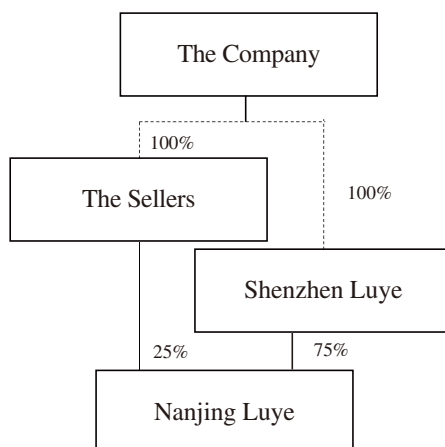
STRUCTURE

The following table shows the shareholding of Nanjing Luye and Shenzhen Luye (i) as at the date of this announcement; (ii) immediately after completion of the Initial Investment; (iii) immediately after completion of the Topco Investment; and (iv) immediately after completion of the Further Investment:

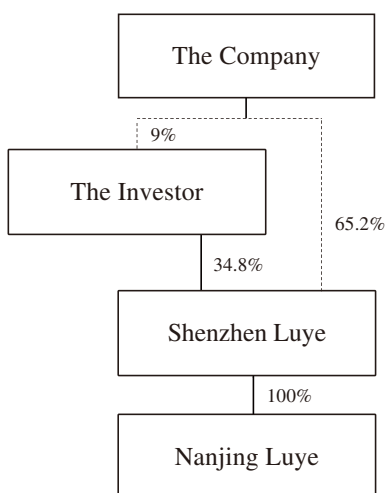
	% holding in Nanjing Luye Shenzhen		% holding in Shenzhen Luye Yantai	
	Sellers	Luye Investor	Luye	Investor
As at the date of this announcement	25%	75%	100%	
After completion of the Initial Investment		75%	100%	25%
After completion of the Topco Investment		100%	75%	25%
After completion of the Further Investment		100%	65.2%	34.8%

The following chart shows a simplified structure of Shenzhen Luye and Nanjing Luye (i) as at the date of this announcement, and (ii) immediately after completion of the Investment:

As at the date of this announcement



Immediately after completion of the Investment



----- indicates indirect holding

REASONS FOR AND BENEFITS OF THE INVESTMENT

The proceeds from the Investment will be used primarily for the continued business development of the Group's oncology business. The strategic deployment of these funds is anticipated to bolster Shenzhen Luye's competitive edge in the market, and foster sustained, stable growth. Leveraging the Investment, the Group will enhance the development of next-generation innovative anti-cancer drugs, and assist the business growth in areas such as market access, marketing, and collaboration, thereby accelerating the Group's oncology business into a phase of high-quality growth. The Directors consider the Investment will benefit the Group in the following ways:

- promote a comprehensive upgrade of the oncology research and development strategy by strengthening technological innovation collaborations and attracting high-quality local research and development talent. This would optimize oncology project research, clinical development, and registration processes, focusing on original innovation to achieve breakthroughs in best-in-class and first-in-class anti-cancer products;
- integrate platform advantages and resources to promote the market access and academic promotion of newly launched oncology products in the Greater Bay Area, actively expanding drug accessibility to better benefit more patients;
- facilitate the innovation of oncology marketing models through strategic cooperation, actively achieving the transformation of new marketing models for the oncology business in the Greater Bay Area and nationwide, ensuring healthy and sustainable stable growth, enhancing product profitability, and better returning value to investors; and
- achieve the Group's financial improvement and debt reduction goals, thereby better realizing market value.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the Investment Agreement and the transactions contemplated thereunder are on normal commercial terms and entered into after arm's length negotiations, and that the terms of the Investment Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON NANJING LUYE AND SHENZHEN LUYE

As at the date of this announcement, each of Nanjing Luye and Shenzhen Luye is a wholly-owned subsidiary of the Company. Nanjing Luye is a company established in the PRC in 2002. It and its subsidiaries are principally engaged in the manufacture and sale of pharmaceutical products with a focus on the therapeutic area of oncology. Shenzhen Luye is established in the PRC in 2023 and is an investment holding company. Shenzhen Luye's only assets comprise its equity holding of Nanjing Luye and a subsidiary which is dormant.

Financial Information

The net assets of Nanjing Luye as at 31 December 2023 are approximately RMB607.4 million. For the financial years ended 31 December 2022 and 2023, the net profits before tax of Nanjing Luye are RMB142.6 million and RMB305.5 million, respectively, and the net profits after tax of Nanjing Luye are RMB109.9 million and RMB239.0 million, respectively. The above financial information is extracted from the audited pro forma financial statements of Nanjing Luye prepared under the accounting principles generally accepted in the PRC and for the purposes of the acquisition by Shenzhen Luye of the part of the oncology business of Yantai Luye. The pro forma financial statements were prepared on the assumption that the purchase and sales process of the oncology drug business of Yantai Luye Drugs Trading Co., Ltd. (煙台綠葉藥品貿易有限公司) (“**Luye Trading**”), a subsidiary of the Company (mainly consisting of injectable amifostine, injectable lentinan, and injectable paclitaxel liposome products) has been separated and operating independently from the Group since 1 January 2021. After its separation from the Group, the related revenue, costs, and expenses, as well as the impact of related income tax expenses generated or incurred since 1 January 2021 (excluding the retained earnings of the business before 1 January 2021), are included in the consolidated scope of Nanjing Luye. Assets, liabilities, revenue, costs, and expenses unrelated to the oncology drug business, as well as the retained earnings of Luye Trading before 1 January 2021, are not included in the consolidation scope of Nanjing Luye.

Shenzhen Luye was established on 12 April 2023. The net assets of Shenzhen Luye as at 31 December 2023 are approximately RMB607.4 million. For the financial year ended 31 December 2023, the net profits before tax of Shenzhen Luye are RMB305.5 million and the net profits after tax of Shenzhen Luye are RMB239.0 million. The above financial information is extracted from the audited pro forma financial statement of Shenzhen Luye prepared under the accounting principles generally accepted in the PRC and for the purposes of the acquisition by Shenzhen Luye of the part of the oncology business of Yantai Luye. The pro forma financial statement was prepared on the assumption that the purchase and sales process of the oncology drug business of Luye Trading (mainly consisting of injectable amifostine, injectable lentinan, and injectable paclitaxel liposome products) has been separated and operating independently from the Group since 1 January 2021. After its separation from the Group, the related revenue, costs, and expenses, as well as the impact of related income tax expenses generated or incurred since 1 January 2021 (excluding the retained earnings of the business before 1 January 2021), are included in the consolidated scope of Shenzhen Luye. Assets, liabilities, revenue, costs, and expenses unrelated to the oncology drug business, as well as the retained earnings of Luye Trading before 1 January 2021, are not included in the consolidation scope of Shenzhen Luye.

Upon completion of the Investment, each of Nanjing Luye and Shenzhen Luye will continue to be regarded as a subsidiary of the Company and the financial results of each of Nanjing Luye and Shenzhen Luye will continue to be accounted for and consolidated into the financial results of the Group.

INFORMATION ON THE GROUP

The Group is an international pharmaceutical group dedicated to the research and development (R&D), manufacturing and sale of innovative medications. The Group has established R&D centres in China, the U.S. and Europe, with a robust pipeline of over 30 drug candidates in China and more than 10 drug candidates in other international markets. Along with a number of new drugs and new formulations in the central nervous system and oncology therapeutic areas under study in the U.S., Europe and Japan, the Group has reached high-level international standards in novel drug delivery technologies including microspheres, liposomes, and transdermal drug delivery systems, as well as actively making strategic developments in the fields of biological antibodies, cell therapies and gene therapies, among others. The Group is developing a global supply chain of eight manufacturing sites with over 30 production lines in total, establishing GMP quality management and international standard control systems. With more than 30 products covering the central nervous system, oncology, cardiovascular, metabolism and other therapeutic areas, business of the Group is conducted in over 80 countries and regions around the world, including the largest pharmaceutical markets – China, the U.S., Europe and Japan, as well as in fast growing emerging markets.

INFORMATION ON THE SELLERS AND THE LUYE PARTIES

The Sellers

Each of Kang Hai Pharmaceutical and Apex Group is a company with limited liability incorporated in Hong Kong and a wholly-owned subsidiary of the Company. Their principal business is investment holding.

Hong Kong Luye is a wholly-owned subsidiary of the Company. Hong Kong Luye is principally engaged in distribution and sale of pharmaceutical products and investment holding.

Others

Yantai Luye is a wholly-owned subsidiary of the Company. Yantai Luye is principally engaged in investment holding.

Shandong Luye is a wholly-owned subsidiary of the Company. Shandong Luye is principally engaged in manufacture and sale of pharmaceutical products.

Mr. Liu is the executive chairman and chief executive officer, an executive director and a controlling shareholder of the Company.

INFORMATION ON THE INVESTOR

The Investor is registered in the PRC and its fund manager is Shenzhen Investment Holdings Capital Co., Ltd. (深圳市投控資本有限公司), which is wholly owned by Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司) and the ultimate beneficial owner of which is Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會). The principal business of the Investor is equity investment, investment management, asset management, and other activities through private equity funds (such operations may only be conducted after registration with the Asset Management Association of China, and for projects that require approval under applicable laws, business activities they may only commence after obtaining approval from the relevant authorities).

Yantai Luye is a limited partner of, and holds a 9% interest in, the Investor. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, all other limited partners of the Investor are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the Group's percentage shareholding in Shenzhen Luye will be reduced after the Investment, the Investment constitutes a deemed disposal of equity interest in Shenzhen Luye under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Investment (taking into account the maximum amount of the Group's equity interest in Shenzhen Luye that may be required to be transferred to the Investor under the Undertakings) and the Repurchase Option is more than 5% but less than 25%, the Investment and the Repurchase Option each constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Apex Group”	Apex Group Holdings Limited (峰懋集團國際有限公司), a company with limited liability incorporated in Hong Kong, and a wholly-owned subsidiary of the Company
“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
“Directors”	the directors of the Company
“Further Investment”	the subscription by the Investor of an aggregate of RMB600 million in the capital of Shenzhen Luye
“Group”	the Company and its subsidiaries, from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Hong Kong Luye”	Luye Pharma Hong Kong Limited, a company with limited liability incorporated in Hong Kong, and a wholly-owned subsidiary of the Company
“Initial Investment”	the acquisition by the Investor from the Sellers a 25% equity interest in Nanjing Luye
“Investment”	the investment by the Investor in Shenzhen Luye comprising the Initial Investment, the Topco Investment and the Further Investment
“Investment Agreement”	collectively, the agreement and a supplemental agreement each dated 22 July 2024 and entered into among the Investor, the Sellers and the Luye Parties in relation to the Investment

“Investor”	深圳市綠葉私募股權投資基金合夥企業(有限合夥) (Shenzhen Luye Private Equity Investment Fund Partnership (Limited Partnership))
“Kang Hai Pharmaceutical”	Kang Hai Pharmaceutical Technology Development Limited (康海醫藥科技開發有限公司), a company with limited liability incorporated in Hong Kong, and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Luye Parties”	the Company, Shenzhen Luye, Nanjing Luye, Yantai Luye, Shandong Luye and Mr. Liu
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Liu”	Mr. Liu Dian Bo, the executive chairman and chief executive officer, an executive director and a controlling shareholder of the Company
“Nanjing Luye”	南京綠葉製藥有限公司 (Nanjing Luye Pharmaceutical Co., Ltd.), a company with limited liability established in the PRC, and a subsidiary of the Company
“Net Profits of Shenzhen Luye”	the lower of (i) the consolidated net profits attributable to the parents of Shenzhen Luye; and (ii) the consolidated net profits attributable to the parents of Shenzhen Luye after deducting non-recurring gains and losses
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Profit Undertaking”	the undertaking given by the Luye Parties to compensate the Investor in respect of the Net Profits of Shenzhen Luye as further described in the section headed “The Investment Agreement – Further Undertakings” in this announcement
“Repurchase Option”	the Investor’s right to request the Luye Parties to repurchase the Investor’s holding in Shenzhen Luye and/or Nanjing Luye
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	collectively Kang Hai Pharmaceutical, Hong Kong Luye and Apex Group
“Shareholders”	the shareholders of the Company

“Shenzhen Luye”	綠葉製藥(深圳)有限公司 (Luye Pharma (Shenzhen) Co. Ltd.), a company with limited liability established in the PRC, and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Shenzhen Luye and Nanjing Luye
“Topco Investment”	the subscription by the Investor of a 25% new equity interest in Shenzhen Luye by contributing its 25% Nanjing Luye acquired under the Initial Investment to Shenzhen Luye
“Undertakings”	the Profit Undertaking and the Valuation Undertaking
“Valuation Undertaking”	the undertaking given by the Luye Parties to compensate the Investor in respect of the valuation of the Investor’s equity interest in Shenzhen Luye as further described in the section headed “The Investment Agreement – Further Undertakings” in this announcement
“Yantai Luye”	煙台綠葉醫藥控股(集團)有限公司 (Yantai Luye Pharma Holdings Co., Ltd.), a company with limited liability established in the PRC, and a subsidiary of the Company
“%”	per cent

In this announcement, the terms “connected person” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.

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

Hong Kong, 22 July 2024

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 of the Company are Mr. SONG Rui Lin and Dr. LYU Dong; and the independent non-executive directors of the Company are Mr. ZHANG Hua Qiao, Professor LO Yuk Lam, Mr. LEUNG Man Kit, Mr. CHOY Sze Chung Jojo and Ms. XIA Lian.