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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)**

**PROPOSED ISSUE OF US\$100,000,000 5.85 PER CENT.**

**CONVERTIBLE BONDS DUE 2025**

**AND**

**US\$50,000,000 5.85 PER CENT.**

**CONVERTIBLE BONDS DUE 2025**

*Sole Financial Advisor*



On 22 October 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreements. Pursuant to the Subscription Agreements, among other things, the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed with the Company to subscribe and pay for the Bonds, subject to certain conditions set out in the Subscription Agreements.

The Bonds may be converted into Conversion Shares pursuant to the Terms and Conditions. Assuming full conversion of the Bonds at the initial Conversion Price of HK\$3.672 per Share and no further issue of Shares, the Bonds will be convertible into 317,516,338 Shares, representing approximately 8.44 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 7.78 per cent. of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant registration date.

**The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).**

**The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and no public offering will be made in the United States. Neither the Bonds nor the Conversion Shares may be offered or sold within the United States absent registration under, or an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state or local securities laws of the United States. The Bonds are being offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.**

The net proceeds from the Tranche A Bonds and the Tranche B Bonds (each, after deduction of commissions and other related expenses) are estimated to be approximately US\$98.6 million and US\$49.3 million, respectively, each representing a net issue price of approximately HK\$3.62 per Conversion Share based on the initial Conversion Price. The Group intends to apply the net proceeds from the issue of the Bonds for refinancing existing indebtedness; research and development of products; and general corporate purposes.

The Conversion Shares will be allotted and issued under the General Mandate and the issue of the Conversion Shares is not subject to the approval of the Shareholders.

The Company will make an application to the SGX-ST for the listing of the Bonds on the SGX-ST. The Company will also make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

**Completion of the transactions under the Subscription Agreements is subject to the satisfaction and/or waiver of certain conditions precedent therein. In addition, the Subscription Agreements may be terminated under certain circumstances. Please refer to the section headed “Termination” below for further information.**

**WARNING: As the issue of the Bonds under the Subscription Agreements may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

On 22 October 2024 (after trading hours), the Company and the Subscriber entered into the Tranche A Subscription Agreement and the Tranche B Subscription Agreement. Pursuant to the Subscription Agreements, among other things, the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed with the Company to subscribe and pay for the Bonds, subject to certain conditions set out in the Subscription Agreement.

## **TRANCHE A SUBSCRIPTION AGREEMENT**

**Date:** 22 October 2024

**Parties:** (1) the Company, as the issuer; and  
(2) the Subscriber.

### **Subscription**

The Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed with the Company to subscribe and pay for the Tranche A Bonds on the Tranche A Closing Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owners is a third party independent of the Company and is not a connected person of the Company.

### **Conditions Precedent to the Subscription**

The obligations of the Subscriber to subscribe and pay for the Tranche A Bonds are conditional on:

- (a) **Other Tranche A Contracts:** the execution and delivery (on or before the Tranche A Closing Date) of the other Tranche A Contracts;
- (b) **Compliance:** at the Tranche A Closing Date,
  - (i) the representations and warranties of the Company in the Tranche A Subscription Agreement being true, accurate and correct at, and as if made on such date;

- (ii) the Company having performed all of its obligations under the Tranche A Contracts to be performed on or before such date; and
  - (iii) there having been delivered to the Subscriber a certificate confirming due authorisation and no material adverse change signed by a director of the Company in the form set out in the Tranche A Subscription Agreement;
- (c) **Listing:** the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Tranche A Bonds and the SGX-ST having issued the approval-in-principle in relation to the listing of the Tranche A Bonds on the SGX-ST (or, in each case, the Subscriber being reasonably satisfied that such listing will be granted);
- (d) **No Material Adverse Change:** after the date of the Tranche A Subscription Agreement and up to and as at the Tranche A Closing Date, there not having occurred any change (nor any development or event reasonably likely to involve a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company, which, in the opinion of the Subscriber, is material and adverse in the context of the issue and offering of the Tranche A Bonds; and
- (e) **Legal Opinions:** on or before the Tranche A Closing Date, there having been delivered to the Subscriber certain legal opinions on the laws of various jurisdictions.

The Subscriber may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions (other than condition (a) above).

As at the date of this announcement, not all of the above conditions have been satisfied and/or (as the case may be) waived. The Company is working towards the satisfaction of all of the above conditions by the Tranche A Closing Date.

## **TRANCHE B SUBSCRIPTION AGREEMENT**

**Date:** 22 October 2024

**Parties:** (1) the Company, as the issuer; and  
(2) the Subscriber.

### **Subscription**

The Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed with the Company to subscribe and pay for the Tranche B Bonds on the Tranche B Closing Date.

## Conditions Precedent to the Subscription

The obligations of the Subscriber to subscribe and pay for the Tranche B Bonds are conditional on:

- (a) **Other Tranche B Contracts:** the execution and delivery (on or before the Tranche B Closing Date) of the other Tranche B Contracts;
- (b) **Compliance:** at the Tranche B Closing Date,
  - (i) the representations and warranties of the Company in the Tranche B Subscription Agreement being true, accurate and correct at, and as if made on such date;
  - (ii) the Company having performed all of its obligations under the Tranche B Contracts to be performed on or before such date; and
  - (iii) there having been delivered to the Subscriber a certificate confirming due authorisation and no material adverse change signed by a director of the Company in the form set out in the Tranche B Subscription Agreement;
- (c) **Listing:** the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Tranche B Bonds and the SGX-ST having issued the approval-in-principle in relation to the listing of the Tranche B Bonds on the SGX-ST (or, in each case, the Subscriber being reasonably satisfied that such listing will be granted);
- (d) **No Material Adverse Change:** after the date of the Tranche B Subscription Agreement and up to and as at the Tranche B Closing Date, there not having occurred any change (nor any development or event reasonably likely to involve a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company, which, in the opinion of the Subscriber, is material and adverse in the context of the issue and offering of the Tranche B Bonds; and
- (e) **Legal Opinions:** on or before the Tranche B Closing Date, there having been delivered to the Subscriber certain legal opinions on the laws of various jurisdictions.

The Subscriber may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions (other than condition (a) above).

As at the date of this announcement, not all of the above conditions have been satisfied and/or (as the case may be) waived. The Company is working towards the satisfaction of all of the above conditions by the Tranche B Closing Date.

## TERMINATION

Notwithstanding anything contained in the respective Subscription Agreements, the Subscriber may, by notice to the Company given at any time prior to payment of the net subscription monies for the Tranche A Bonds or Tranche B Bonds (as the case may be) to the Company, terminate the relevant Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Subscriber any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the relevant Subscription Agreement or any failure to perform, or breach of, any of the Company's undertakings or agreements in the relevant Subscription Agreement;
- (b) if any of the conditions precedent specified in the relevant Subscription Agreement has not been satisfied or waived by the Subscriber on or prior to the Tranche A Closing Date or the Tranche B Closing Date (as the case may be);
- (c) if in the opinion of the Subscriber, there shall have been, since the date of the relevant Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including foreign exchange controls) such as would in its view, be likely to prejudice materially the success of the offering of the Tranche A Bonds or Tranche B Bonds (as the case may be), or any change in market conditions which, in its view, would make it inexpedient or inadvisable to proceed with the subscription of the Tranche A Bonds or Tranche B Bonds (as the case may be);
- (d) if, in the opinion of the Subscriber, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the SGX-ST and/or the Stock Exchange; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange; or (iii) a general moratorium on commercial banking activities in the United States, the PRC, Singapore, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore or the United Kingdom; and
- (e) if, in the opinion of the Subscriber, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the issuance of the Tranche A Bonds or Tranche B Bonds (as the case may be) or dealings in the Tranche A Bonds or Tranche B Bonds (as the case may be) in the secondary market.

## PRINCIPAL TERMS OF THE BONDS

The principal terms of the Tranche A Bonds and Tranche B Bonds are summarised as follows:

Issuer:	the Company
Principal amount:	Tranche A Bonds: US\$100,000,000 Tranche B Bonds: US\$50,000,000
Issue Date:	Tranche A Bonds: 31 October 2024, or such later date as the Company and the Subscriber may agree (the “ <b>Tranche A Issue Date</b> ”)  Tranche B Bonds: within 30 days from the Tranche A Closing Date, or such other date, not being later than the day falling on the expiry of 50 days from the Tranche A Closing Date, as the Company and the Subscriber may agree  (each, an “ <b>Issue Date</b> ”)
Maturity Date:	The day falling on the expiry of 364 days from the Tranche A Issue Date (the “ <b>Maturity Date</b> ”)
Issue Price:	100 per cent. of the principal amount of the Bonds
Interest Rate:	5.85 per cent.
Form and Denomination:	The Bonds are in registered form in denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A.
Status:	The Bonds constitute direct, unconditional, unsubordinated and subject to the Terms and Conditions, unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

**Conversion Right:** Subject to and upon compliance with the Terms and Conditions, the conversion right in respect of a Bond may be exercised, at the option of the Bondholder, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions) on or after 11 December 2024 (in the case of the Tranche A Bonds) and the 41st day after the Tranche B Closing Date (in the case of the Tranche B Bonds) up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive) (but, except as provided in the Terms and Conditions, in no event thereafter), or if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the Bondholder pursuant to the Terms and Conditions, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

The number of Conversion Shares shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7728 = US\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect on the relevant Conversion Date (as defined in the Terms and Conditions).

**Conversion Price:** The initial Conversion Price is HK\$3.672 per Share.

The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, capitalisation of profits or reserves, capital distributions, rights issue of Shares or options over Shares at less than 95 per cent. of the Current Market Price, rights issues of other securities, issues of Shares or other options over Shares at less than 95 per cent. of the Current Market Price, modification of rights of conversion at less than 95 per cent. of the Current Market Price, other offers to Shareholders and other events as described in the terms and conditions of the Bonds.

The Conversion Price shall not in any event be reduced to below the nominal value of the Shares as a result of any adjustment under the Terms and Conditions unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares.



“**Current Market Price**” in respect of a Share on a particular date, means, subject to certain adjustments, the average of the closing prices of a Share for the 20 consecutive trading days ending on and including (i) the trading day immediately preceding such date, or (ii) if the relevant announcement was made after the close of trading on such date (being a trading day), such date of announcement.

Adjustment upon  
Change of Control:

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice (with a copy to the Trustee and the principal agent), upon any exercise of conversion rights such that the relevant Conversion Date falls within the period of 30 days following the later of (1) the relevant Change of Control and (2) the date on which the Change of Control Notice is given to the Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times (c/t))), \text{ where}$$

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this adjustment shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion to which this adjustment is applicable;

CP (or Conversion Premium) = 20 per cent. expressed as a fraction;

c = the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

t = the number of days from and including the relevant Issue Date to but excluding the Maturity Date.

Ranking of Conversion  
Shares:

The Conversion Shares will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law and except that such Conversion Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant registration date.

Redemption at Maturity: Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at its principal amount together with accrued but unpaid interest thereon on the Maturity Date.

Redemption for Taxation Reasons: The Company may redeem all and not some only of the Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the principal agent in writing and to the Bondholders in accordance with the Terms and Conditions (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at its principal amount, together with interest accrued but unpaid up to but excluding such date (if any), if the Company satisfies the Trustee immediately prior to the giving of such notice that (a) the Company has or will become obliged to pay additional tax amounts as provided or referred to in the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or Bermuda, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 October 2024, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

If the Company gives a Tax Redemption Notice pursuant to the condition on redemption for taxation reasons, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions on the condition of taxation shall not apply in respect of any payment of principal, premium (if any) or interest (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Company in respect thereof pursuant to the condition on taxation and payment of all amounts by the Company to such holder in respect of such Bond(s) shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.

Redemption for Delisting or Change of Control: Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at its principal amount, together with interest accrued but unpaid up to but excluding such date (if any). To exercise such right, the holder of the relevant Bond must deposit during normal business hours at the specified office of any paying agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any paying agent (a "**Relevant Event Put Exercise Notice**"), together with the certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with the Terms and Conditions. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Company's consent.

Within 14 days after it becomes aware of the occurrence of a Relevant Event, the Company shall give notice thereof to the Trustee and the principal agent in writing and to the Bondholders in accordance with the Terms and Conditions. The notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their conversion rights and their entitlement to exercise their rights to require redemption of their Bonds pursuant to the Terms and Conditions.

## CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$3.672 per Conversion Share, which represents:

- (a) a premium of approximately 20.00 per cent. over the closing price of HK\$3.06 as quoted on the Stock Exchange on 22 October 2024 (being the date of the Subscription Agreements were entered into);
- (b) a premium of approximately 18.38 per cent. over HK\$3.10, being the average of the closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 22 October 2024; and
- (c) a premium of approximately 16.17 per cent. over HK\$3.16, being the average of the closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 22 October 2024.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Bonds may be converted into Conversion Shares pursuant to the Terms and Conditions.

- (i) Assuming full conversion of the Tranche A Bonds at the initial Conversion Price of HK\$3.672 per Share and no further Shares are issued, the Tranche A Bonds will be convertible into 211,677,559 Shares, representing (x) approximately 5.63 per cent. of the issued share capital of the Company as at the date of this announcement; and (y) approximately 5.33 per cent. of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Tranche A Bonds.
- (ii) Assuming full conversion of the Tranche B Bonds at the initial Conversion Price of HK\$3.672 per Share and no further Shares are issued, the Tranche B Bonds will be convertible into 105,838,779 Shares, representing (x) approximately 2.81 per cent. of the issued share capital of the Company as at the date of this announcement; and (y) approximately 2.74 per cent. of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Tranche B Bonds.
- (iii) Assuming full conversion of the Bonds at the initial Conversion Price of HK\$3.672 per Share and no further Shares are issued, the Bonds will be convertible into 317,516,338 Shares, representing (x) approximately 8.44 per cent. of the issued share capital of the Company as at the date of this announcement; and (y) approximately 7.78 per cent. of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.
- (iv) Assuming (X) full conversion of the Bonds at the initial Conversion Price of HK\$3.672 per Share, (Y) full conversion of the July 2028 Bonds at the conversion price of HK\$4.88 per Share and (Z) no further Shares are issued, the Bonds and the July 2028 Bonds together will be convertible into 606,309,370 Shares, representing (x) approximately 16.12 per cent. of the issued share capital of the Company as at the date of this announcement; and (y) approximately 13.88 per cent. of the issued share capital of the Company as enlarged by the issue of the conversion shares upon full conversion of the Bonds and July 2028 Bonds.

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* and carry the same rights and privileges in all respects with the Shares then in issue on the relevant registration date.

## EFFECT ON SHAREHOLDING STRUCTURE

The following table summarises the potential effects on the shareholding structure of the Company as a result of the issue of the Bonds (by reference to the information on shareholdings available to the Company as at the date of this announcement and assuming (i) full conversion of the Bonds and the July 2028 Bonds; and (ii) no further issue of Shares):

	Shares held as at the date of this announcement		Assuming the Tranche A Bonds are fully converted into Shares at the initial Conversion Price		Assuming the Tranche B Bonds are fully converted into Shares at the initial Conversion Price		Assuming the Bonds are fully converted into Shares at the initial Conversion Price		Assuming the July 2028 Bonds are fully converted into Shares at the initial conversion price of HK\$4.88		Assuming the July 2028 Bonds are fully converted into Shares at the initial conversion price of HK\$4.88 and the Bonds are fully converted into Shares at the initial Conversion Price	
	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company
The Controlling Shareholder	1,259,196,703	33.47	1,259,196,703	31.69	1,259,196,703	32.56	1,259,196,703	30.87	1,259,196,703	31.09	1,259,196,703	28.83
Hillhouse NEV Holdings Limited	552,324,108	14.68	552,324,108	13.90	552,324,108	14.28	552,324,108	13.54	552,324,108	13.64	552,324,108	12.64
The holder of the July 2028 Bonds	-	-	-	-	-	-	-	-	288,793,032	7.13	288,793,032	6.61
Other Shareholders	1,950,149,832	51.84	1,950,149,832	49.08	1,950,149,832	50.42	1,950,149,832	47.81	1,950,149,832	48.15	1,950,149,832	44.65
The Subscriber	-	-	211,677,559	5.33	105,838,779	2.74	317,516,338	7.78	-	-	317,516,338	7.27
<b>Total <sup>(Note 1)</sup></b>	<b>3,761,670,643</b>	<b>100.00</b>	<b>3,973,348,202</b>	<b>100.00</b>	<b>3,867,509,422</b>	<b>100.00</b>	<b>4,079,186,981</b>	<b>100.00</b>	<b>4,050,463,675</b>	<b>100.00</b>	<b>4,367,980,013</b>	<b>100.00</b>

### Notes:

- (1) Certain percentage figures included in the table have been subject to rounding adjustments, and accordingly percentage figures shown as total may not be an arithmetic aggregation of the figures preceding them.
- (2) As at the date of this announcement, the Company has no treasury shares. Hence, the Company has no current intention to transfer treasury shares upon the Bondholders' exercise of conversion rights in respect of the Bonds. Nevertheless, subject to market conditions and the Group's capital management needs at the relevant time of the Bondholders' exercise of conversion rights, the Company may consider transferring treasury shares (if any) instead of allotment and issuance of Shares.

## **USE OF PROCEEDS**

The net proceeds from the Tranche A Bonds (after deduction of commissions and other related expenses) are estimated to be approximately US\$98.6 million, representing a net issue price of approximately HK\$3.62 per Conversion Share based on the initial Conversion Price.

The net proceeds from the Tranche B Bonds (after deduction of commissions and other related expenses) are estimated to be approximately US\$49.3 million, representing a net issue price of approximately HK\$3.62 per Conversion Share based on the initial Conversion Price.

The Group intends to apply the net proceeds from the issue of each of the Tranche A Bonds and the Tranche B Bonds as follows: (a) approximately 80% for refinancing existing indebtedness; (b) approximately 10% for research and development of products; and (c) approximately 10% for general corporate purposes.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS**

The Board considers that the issue of the Bonds represents an opportunity to improve the liquidity position of the Group and to replace certain short term loans of the Group. The Board believes that the net proceeds from the issue of the Bonds will reduce the Group's funding cost whilst improving the Group's debt maturity profile.

## **GENERAL MANDATE**

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2024. Under the General Mandate, the Company may allot, issue, deal with and to sell or transfer treasury shares (if any) for a maximum of 752,334,128 Shares. As at the date of this announcement, the General Mandate has not been utilised.

The Conversion Shares in respect of the Bonds will utilise, based on the initial Conversion Price, a maximum of 317,516,338 Shares under the General Mandate, representing approximately 42.20 per cent. of the maximum number that is allowed to be allotted and issued under the General Mandate. As such, the Board considers that the General Mandate will be sufficient for, and no further Shareholders' approval is required for, the allotment and issue of the Conversion Shares.

In any event, if the number of the Conversion Shares does indeed exceed the General Mandate upon future adjustment to the Conversion Price pursuant to the relevant Terms and Conditions, the Company will seek a specific mandate from its Shareholders for issuing the Conversion Shares exceeding the General Mandate.

## **EQUITY FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

The Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

## **INFORMATION OF 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 the PRC, the United States and Europe, with a robust pipeline of over 30 drug candidates in the PRC and more than ten 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 United States, Europe and Japan, the Group has reached high-level international standards in novel drug delivery technologies including microspheres, liposome, long acting and extended release technology, targeted drug delivery, new compounds 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 — the PRC, the United States, Europe and Japan, as well as in fast growing emerging markets.

## **INFORMATION OF THE SUBSCRIBER**

The Subscriber is a company incorporated under the laws of Cayman Islands and is a wholly-owned subsidiary of RRJ Capital Master Fund IV, L.P., which is in turn ultimately established by RRJ Capital. RRJ Capital is an Asian-based investment firm which focuses on long-term investments.

## **APPLICATION FOR LISTING**

The Company will make an application to the SGX-ST for the listing of the Bonds on the SGX-ST. The Company will also make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

**Completion of the transactions under the Subscription Agreements is subject to the satisfaction and/or waiver of certain conditions precedents therein. In addition, the Subscription Agreements may be terminated under certain circumstances. Please refer to the section headed “Termination” above for further information.**

**WARNING: As the issue of the Bonds under the Subscription Agreements may or may not proceed to completion, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors
“Bondholders”	holders of the Bonds from time to time
“Bonds”	the Tranche A Bonds and the Tranche B Bonds
“Change of Control”	<p>(i) any person or persons other than the Permitted Holders (or persons who are controlled by the Permitted Holders) acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the relevant Issue Date;</p> <p>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in such other person or persons, other than the Permitted Holders, acquiring control over the Company or the successor entity; or</p> <p>(iii) the Permitted Holders cease to own at least 20 per cent. of the Company</p>
“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
“connected person”	has the meaning given to it in the Listing Rules
“Controlling Shareholder”	LuYe Pharmaceutical Investment Co., Ltd., a controlling shareholder of the Company holding approximately 33.47 per cent. of the issued share capital of the Company as at the date of this announcement
“Conversion Shares”	the Shares to be issued by the Company upon conversion of the Bonds pursuant to the Terms and Conditions
“Directors”	the directors of the Company



“General Mandate”	the general mandate to allot, issue, deal with and to sell or transfer treasury shares (if any) for a maximum of 752,334,128 Shares granted to the Directors by resolutions of the Shareholders passed at the annual general meeting held on 28 May 2024
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“July 2028 Bonds”	the 6.25 per cent. US\$180,000,000 convertible bonds issued by the Company on 6 July 2023. Please refer to the announcements of the Company dated 28 June 2023 and 6 July 2023 for further information on the July 2028 Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Permitted Holders”	any or all of the following: Mr. Liu Dian Bo, the Controlling Shareholder, and any person or persons controlled by them
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Relevant Event”	when the Shares cease to be listed or admitted to trading or are suspended on the Main Board of the Stock Exchange for a period equal to or exceeding 30 consecutive trading days, or when there is a Change of Control
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	ordinary shares of US\$0.02 each in the issued share capital of the Company
“Sole Financial Advisor”	UBS AG Hong Kong Branch
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Kale Asset Holding Ltd, an independent third party, being the subscriber of the Bonds
“Subscription Agreements”	the Tranche A Subscription Agreement and the Tranche B Subscription Agreement
“Terms and Conditions”	the terms and conditions of the Tranche A Bonds and Tranche B Bonds (as the case may be)

“Tranche A Bonds”	5.85 per cent. convertible bonds in an aggregate principal amount of US\$100,000,000 due 2025 to be issued by the Company pursuant to the Tranche A Subscription Agreement
“Tranche A Closing Date”	the date on which the Tranche A Bonds are issued, which is 31 October 2024, or such later date as the Company and the Subscriber may agree
“Tranche A Contracts”	the trust deed constituting the Tranche A Bonds to be entered into between the Company and the Trustee, the paying, conversion and transfer agency agreement in respect of the Tranche A Bonds to be entered into among the Company, the Trustee and the other agents named therein and the Tranche A Subscription Agreement
“Tranche A Subscription Agreement”	the agreement dated 22 October 2024 entered into between the Company and the Subscriber in relation to the subscription of the Tranche A Bonds
“Tranche B Bonds”	5.85 per cent. convertible bonds in an aggregate principal amount of US\$50,000,000 due 2025 to be issued by the Company pursuant to the Tranche B Subscription Agreement
“Tranche B Closing Date”	the date on which the Tranche B Bonds are issued, which is scheduled to take place within 30 days from the Tranche A Closing Date, or such other date, not being later than the day falling on the expiry of 50 days from the Tranche A Closing Date, as the Company and the Subscriber may agree
“Tranche B Contracts”	the trust deed constituting the Tranche B Bonds to be entered into between the Company and the Trustee, the paying, conversion and transfer agency agreement in respect of the Tranche B Bonds to be entered into among the Company, the Trustee and the other agents named therein, and the Tranche B Subscription Agreement
“Tranche B Subscription Agreement”	the agreement dated 22 October 2024 entered into between the Company and the Subscriber in relation to the subscription of the Tranche B Bonds
“Trustee”	Citicorp International Limited
“United States”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of the United States

*In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*

*This announcement contains certain translations at the exchange rate of US\$1.00 to HK\$7.7728. These translations are provided for reference only, and no representation is made, and no representation should be construed as being made, that any amounts in US dollars or HK dollars can be or could have been converted at the above rate or any other rates or at all.*

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

Hong Kong, 23 October 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. LYN 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.*