
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Luye Pharma Group Ltd., you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Luye Pharma Group Ltd. to be held at Taishan Room, 5/F, Conrad, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Wednesday, 12 June 2019 at 3:00 p.m. is set out on pages 20 to 25 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of Luye Pharma Group Ltd. at www.luye.cn.

Whether or not you intend to attend the annual general meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of Luye Pharma Group Ltd., Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

Completion and return of the form of proxy shall not preclude any shareholder from attending and voting in person at the annual general meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

30 April 2019

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Taishan Room, 5/F, Conrad, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Wednesday, 12 June 2019 at 3:00 p.m., or any adjournment thereof and notice of which is set out on pages 20 to 25 of this circular
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda as amended, supplemented or otherwise modified from time to time
“Board”	board of Directors
“Bye-laws”	the bye-laws of the Company, as amended or supplemented from time to time
“Company”	Luye Pharma Group Ltd., an exempted company with limited liability incorporated in Bermuda and the Shares of which are listed on the Stock Exchange with a stock code of 02186
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to the controlling shareholders of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal in Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Latest Practicable Date”	24 April 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Memorandum”	the memorandum of association of the Company, as amended or supplemented from time to time
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	shares with a nominal value of USD0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“USD”	United States dollars, the lawful currency of the United States



Pharma
绿叶制药

LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 02186)

Executive Directors:

Mr. LIU Dian Bo

*(Executive Chairman and
Chief Executive Officer)*

Mr. YANG Rong Bing

(Vice Executive Chairman)

Mr. YUAN Hui Xian

Ms. ZHU Yuan Yuan

Non-executive Director:

Mr. SONG Rui Lin

Independent Non-executive Directors:

Mr. ZHANG Hua Qiao

Professor LO Yuk Lam

Mr. LEUNG Man Kit

Dr. CHOY Sze Chung Jojo

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place of
Business in China:*

No. 15 Chuang Ye Road

High-tech Industrial Development Zone

Yantai, Shandong

264003

PRC

Building 12, Shanghai Business Park III

No. 1036 Tianlin Road

Shanghai

PRC

Principal Place of Business in Hong Kong:

Unit 3207, 32/F

Champion Tower

3 Garden Road

Central, Hong Kong

30 April 2019

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with the notice of Annual General Meeting and further information in relation to, amongst other matters, the following proposals to be put forward at the Annual General Meeting: (a) the grant to the Directors of the Issue Mandate, the Repurchase Mandate and to extend the Issue Mandate by an amount representing the aggregate nominal amount of any Shares repurchased by the Company; (b) proposed payment of final dividend; and (c) the re-election of the retiring Director.

ISSUE MANDATE

At the Company's annual general meeting held on 11 June 2018, a general unconditional mandate was granted to the Directors to issue Shares, and such mandate will lapse at the conclusion of the Annual General Meeting. In order to ensure flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue any new Shares, an ordinary resolution 5(A) will be proposed at the Annual General Meeting to grant a general mandate to the Directors to exercise all powers of the Company to allot, issue and deal with additional Shares up to 20% of the total nominal amount of issued share capital of the Company as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,274,965,343 Shares. Subject to the passing of the ordinary resolution 5(A) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 654,993,068 Shares under the Issue Mandate.

In addition, subject to a separate approval of the ordinary resolutions 5(B) and 5(C), the number of Shares repurchased by the Company under ordinary resolution 5(B) will also be added to extend the 20% limit of the Issue Mandate as mentioned in the ordinary resolution 5(A) provided that such additional amount shall not exceed 10% of the total nominal amount of the issued share capital of the Company as at the date of passing the resolutions in relation to the Issue Mandate and the Repurchase Mandate.

The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate as at the Latest Practicable Date.

The Issue Mandate, if approved, will continue to be in force from the passing of the said resolution until whichever the following first occurs: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Bye-laws to be held; or (iii) the revocation or variation of the authority given under such ordinary resolution by an ordinary resolution of the Shareholders in a general meeting of the Company.

LETTER FROM THE BOARD

REPURCHASE MANDATE

At the Company's annual general meeting held on 11 June 2018, a general unconditional mandate was granted to the Directors to repurchase Shares, and such mandate will lapse at the conclusion of the Annual General Meeting. An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase Shares representing up to 10% of the issued share capital of the Company as at the date of passing of the resolution in relation to the Repurchase Mandate.

The Repurchase Mandate, if approved, will continue in force from the passing of the said resolution until the following first occurs: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Bye-laws to be held; or (iii) the revocation or variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting of the Company.

The Directors have no current intention of exercising the Repurchase Mandate as at the Latest Practicable Date.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with bye-law 84(1) of the Bye-laws, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation and will be eligible for re-election provided that every Director will be subject to retirement at least once every three years. Accordingly, Mr. LIU Dian Bo, Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo will retire by rotation and being eligible, will offer themselves for re-election as the Directors at the Annual General Meeting.

Details of the above retiring Directors, namely Mr. LIU Dian Bo, Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo, who are standing for re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the Listing Rules.

NOMINATION PROCEDURES AND PROCESS

The re-appointment of the abovenamed Directors has been reviewed by the nomination committee of the Company (the "**Nomination Committee**") which made recommendation to the Board that the re-election be proposed for Shareholders' approval at the AGM. The Nomination Committee has also reviewed and assessed the independence of Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo based on their respective confirmations of independence pursuant to the

LETTER FROM THE BOARD

independence guidelines as set out in Rule 3.13 of the Listing Rules. Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo are not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of their independent judgment. In addition, taking into consideration of the diversity perspectives (including but not limited to gender, age, educational background, professional experience, skills and knowledge) and the current public directorships held by the relevant individuals, the Board is satisfied that Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo are of such character, integrity and experience commensurating with the office of independent non-executive Directors. The Board believes that they will be able to devote sufficient time to the Board and will continue to provide independent, balanced and objective view to the Company's affairs.

PROPOSED PAYMENT OF FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB0.057 (equivalent to HK\$0.065) per share for the year ended 31 December 2018. The payment of the final dividend is subject to the approval by the Shareholders at the Annual General Meeting. The transfer books and register of members of the Company will be closed from 18 June 2019 to 20 June 2019, both days inclusive, to determine the entitlement to the proposed final dividend, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 June 2019.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 20 to 25 of this circular is the notice of the Annual General Meeting containing, *inter alia*, the ordinary resolutions in relation to granting the Directors the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, approving the payment of final dividend and approving the re-election of the retiring Directors.

CLOSURE OF REGISTER OF SHAREHOLDERS AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE ANNUAL GENERAL MEETING

For determining eligibility to attend and vote at the Annual General Meeting, the register of shareholders of the Company will be closed from 6 June 2019 to 12 June 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 5 June 2019.

LETTER FROM THE BOARD

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.luye.cn. Whether or not you intend to attend the Annual General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting if they so wish and in such event the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, proposed payment of final dividend and approving the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

Yours faithfully

By order of the Board

LUYE PHARMA GROUP LTD.

LIU Dian Bo

Chairman

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

EXECUTIVE DIRECTOR

Mr. Liu Dian Bo, aged 53, Executive Chairman, is a founding member of our Group. He was appointed as a Director in July 2003. As our Executive Chairman, Mr. Liu is responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. Prior to founding our Group, Mr. Liu was a teacher at Yantai Teacher's College from 1985 to 1989. From 1989 to 1993, Mr. Liu was the general manager of Penglai Huatai Pharmaceutical Co. Ltd. From 1994 to 1999, Mr. Liu was the chairman cum general manager of 山東綠葉製藥有限公司 (Shandong Luye Pharmaceutical Co., Ltd.) ("Shandong Luye"). From 1999 to the incorporation of our Company in 2003, Mr. Liu was the chairman cum president of Shandong Luye. Mr. Liu obtained a Medical Diploma from Yishui Special Medical College (now known as Shandong Medical College) in July 1985. Mr. Liu is the executive chairman of Shandong Luye and Beijing WBL Peking University Biotech Co., Ltd. ("Beijing WPU"), and a director of the following main subsidiaries of our Company: Yantai Luye Drugs Trading Co., Ltd. ("Luye Trading"), Sichuan Luye Buoguang Pharmaceutical Co., Ltd., Shandong Luye Natural Drug R&D Co. Ltd., Shanghai Ge Lin Li Fu Business Consulting Co. Ltd., AsiaPharm Investments Limited, AsiaPharm Biotech Pte. Ltd., Luye Biotech (Singapore) Pte. Ltd. and A-Bio Pharma Pte. Ltd.. Mr. Liu is a director of each of Luye Life Sciences Group Ltd. (formerly known as Luye Group Ltd) ("Luye Group"), Luye Pharma Holdings Ltd. ("Luye Pharma Holdings"), LuYe Pharmaceutical International Co., Ltd. ("Luye Pharma Intl"), LuYe Pharmaceutical Investment Co., Ltd. ("Luye Pharma Investment"), Shorea LBG, Ginkgo (PTC) Limited (formerly known as Ginkgo Trust Limited), and Nelumbo Investment Limited.

Mr. Liu has entered into an appointment letter with the Company for a term of three years with effect from 9 July 2017, subject to retirement and re-election in accordance with the Bye-laws. Under the appointment letter, Mr. Liu is not entitled to receive any remuneration and benefits as an Executive Director.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Liu Dian Bo had deemed interests in 1,517,113,930 Shares and 74,740,909 Shares in short position under Part XV of the SFO, representing an approximate total of 46.32% and 2.28% of the existing issued share capital of the Company respectively. The 1,517,113,930 Shares and 74,740,909 Shares in short position were held through his controlled corporations, namely Shorea LBG, Ginkgo (PTC) Limited, Nelumbo Investments Limited, Luye Group, Luye Pharma Holdings, Luye Pharma Intl and Luye Pharma Investment.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Hua Qiao, aged 55, has been our Independent Non-Executive Director since June 2014. Mr. Zhang has 16 years of experience in working in the investment banking industry since 1994. He served as managing director and the co-head of China research team from June 1999 to April 2006 and the deputy head of China investment banking division of UBS AG, Hong Kong Branch from September 2008 to June 2011. He graduated from the Graduate School of the People's Bank of China (中國人民銀行研究生部) with a Master's degree in Economics in 1986, and from the Australian National University with a Master's degree in Economics in January 1991.

As at the Latest Practicable Date, Mr. Zhang holds or held directorships in the following listed companies in the past three years:

Name of the listed company	Term	Position
Yancoal Australia Ltd, a company listed on the Australian Securities Exchange (stock code: YAL)	April 2014 to January 2018	Independent non-executive director
Logan Property Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3380)	November 2013 to present	Independent non-executive director
China Huirong Financial Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1290)	October 2013 to present	Independent non-executive director
Zhong An Real Estate Limited, a company listed on the Main Board of the Stock Exchange (stock code: 672)	January 2013 to present	Independent non-executive director
China Smartpay Group Holdings Limited a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8325)	September 2012 to May 2015	Non-executive director
	May 2015 to September 2017	Executive director
	September 2017 to present	Non-executive director
Fosun International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 656)	March 2012 to present	Independent non-executive director

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED

Name of the listed company	Term	Position
Boer Power Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1685)	November 2011 to present	Non-executive director
Sinopec Oilfield Service Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 1033)	February 2015 to June 2018	Independent non-executive director
Wanda Hotel Development Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 169)	September 2014 to May 2018	Independent non-executive director
China Rapid Finance Limited, a company listed on the New York Stock Exchange (NYSE: XRF)	April 2017 to March 2019	Independent non-executive director

Mr. Zhang has entered into an appointment letter with the Company for a term of two years with effect from 9 July 2018, subject to retirement and re-election in accordance with the Bye-laws. Under the appointment letter, Mr. Zhang, as the Independent Non-executive Director, is entitled to receive director's fee of HK\$300,000 per annum as determined by the Board with reference to the prevailing market conditions and his responsibility in the Company.

As at the Latest Practicable Date, Mr. Zhang has an interest in 250,000 underlying Shares in respect of the awarded shares granted by the Company under Luye Pharma Share Award Scheme.

Dr. Choy Sze Chung Jojo, aged 60, has been the Independent Non-executive Director since June 2014. Dr. Choy has extensive experience in the securities industry and business management. He is currently the vice chairman of National Resources Securities Limited and the permanent honourable president and vice chairman of the Institute of Securities Dealers Ltd.

Dr. Choy is a fellow member of the Hong Kong Institute of Directors, the Institute of Financial Accountants, the Institute of Public Accountants and the Institute of Compliance Officers, the Society of Registered Financial Planners Limited. Dr. Choy is also a member of the Election Council for Hong Kong Deputies to the 12th and the 13th National People's Congress of the People's Republic of China, a member of the 4th and the 5th term Chief Executive Election Committee of Hong Kong and a member of Chinese People's Political Consultative Conference, Shantou.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED

As at the Latest Practicable Date, Dr. Choy holds or held directorships in the following listed companies in the past three years:

Name of the listed company	Term	Position
First Credit Finance Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8215)	November 2017 to present	Independent non- executive director
Orient Securities International Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8001)	March 2010 to May 2016	Independent non- executive director
Sparkle Roll Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 970)	October 2007 to present	Independent non- executive director
Zhaojin Mining Industry Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1818)	May 2007 to present	Independent non- executive director
Chengdu Putian Telecommunications Cable Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1202)	February 2006 to January 2018	Independent non- executive director

Dr. Choy obtained a Master's degree in Business Administration from University of Wales, Newport in October 2004 and a Master's degree in Business Law from Monash University in April 2007, a Honorary doctorate of Management from Lincoln University in August 2018 and a Fellowship from Canadian Chartered Institute of Business Administration.

Dr. Choy has entered into an appointment letter with the Company for term of two years with effect from 9 July 2018, subject to retirement and re-election in accordance with the Bye-laws. Under the appointment letter, Dr. Choy, as the Independent Non-Executive Director, is entitled to receive director's fee of HK\$300,000 per annum as determined by the Board with reference to the prevailing market conditions and his responsibility in the Company.

As at the Latest Practicable Date, Dr. Choy has an interest in 250,000 underlying Shares in respect of the awarded shares granted by the Company under Luye Pharma Share Award Scheme.

Save as disclosed herein, as at the Latest Practicable Date, each of the retiring Directors mentioned above, did not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, none of the above retiring Directors holds any position with the Company or any other members of the Group, nor have any directorships in other listed public companies in the last three years.

In addition, save as disclosed herein, none of the above retiring Directors has any relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders (as defined in the Listing Rules).

Save as disclosed herein and in the announcement of the Company dated 3 August 2018, there is no other matter in relation to the above retiring Directors that needs to be brought to the attention of the Shareholders and there is no information relating to them which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

PROVISION OF THE LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Such authority may only continue in force during the period from the passing of the resolution until the earlier of: (i) the conclusion of the next annual general meeting of the Company (unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions); (ii) the expiration of the period within which the Company's next annual general meeting is required by the Bye-laws or any other applicable laws to be held; or (iii) the date when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for such purpose in accordance with the Memorandum and the Bye-laws, the Listing Rules and the applicable laws of Bermuda. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Subject to the foregoing, any repurchases by the Company may be made out of the capital paid up on Shares to be repurchased, funds of the Company otherwise available for dividend or distribution or out of a fresh issue of Shares made for the purpose of the repurchase or out of capital and, in the case of any premium payable on the purchase, out of the funds of the Company otherwise available for dividend or distribution or from sums standing to the credit of the share premium account of the Company.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the

prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the Bermuda Companies Act, a company's repurchased shares may be treated as cancelled or held as treasury shares and, if so cancelled the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,274,965,343 Shares with nominal value of USD0.02 each. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 327,496,534 Shares which represent 10% of the issued share capital of the Company during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Bye-laws to be held; or (iii) the date on which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net asset value and/or earnings per Share. The Directors sought the grant of a general authority from the Shareholder to give the Company the flexibility to repurchase Shares if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining and any repurchases will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Memorandum and Bye-laws, the Listing Rules, and any other applicable laws of Bermuda. Under Bermuda law, any repurchases by the Company may be made out of capital paid up on the Shares to be repurchased, or out of funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose and, in the case of premiums payable on repurchases, funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company.

As at the Latest Practicable Date, the Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders as a whole. The Directors consider that if the Repurchase Mandate was to be exercised in full, it may not have a material adverse impact on the working capital or the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2018, being the date on which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

UNDERTAKING OF THE DIRECTORS

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intends to sell any Shares to the Company or its subsidiaries, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and the Bye-laws and applicable laws of Bermuda.

No core connected person (as defined in the Listing Rules) has notified the Company that he/she/it has any present intention to sell any Shares to the Company, and none of them have undertaken not to do so, if the proposed Repurchase Mandate is approved by the Shareholders.

EFFECT OF TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Liu Dian Bo had deemed interests in 1,517,113,930 Shares and 74,740,909 Shares in short position under Part XV of the SFO, representing an approximate total of 46.32% and 2.28% of the existing issued share capital of the Company respectively. The 1,517,113,930 Shares and 74,740,909 Shares in short position were held through his controlled corporations, namely Shorea LBG, Ginkgo (PTC) Limited, Nelumbo Investments Limited, Luye Group, Luye Pharma Holdings, Luye Pharma Intl and Luye Pharma Investment.

In the event that the Repurchase Mandate should be exercised in full, the aggregate interests of Mr. Liu Dian Bo (through his controlled corporations) will be increased to approximately 51.47% (long position) and 2.54% (short position) of the issued share capital of the Company respectively. Such exercise of the Repurchase Mandate may give rise to an obligation on Mr. Liu Dian Bo (through his controlled corporations) to make a mandatory offer under Rule 26 of the Takeovers Code, as a result of which the number of Shares held by the public may be reduced to less than the minimum public float requirement.

However, the Directors currently have no intention to repurchase Shares which would trigger a mandatory general offer obligation on the part of the above persons or otherwise would result in the number of Shares held by the public being reduced to less than the minimum public float requirement. Save as disclosed above, the Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases to be made under the Repurchase Mandate.

SHARE REPURCHASE MADE BY THE COMPANY

During the six months immediately prior to the Latest Practicable Date, the Company has made the following repurchase of Shares:

Repurchase Date	No. of Shares	Purchase Price	
		Highest HK\$	Lowest HK\$
2018			
27 December	1,000,000	5.09	4.97

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months were as follows:

Month	Highest prices <i>HK\$</i>	Lowest prices <i>HK\$</i>
2018		
May	9.86	8.40
June	8.93	7.55
July	8.88	7.48
August	7.96	6.49
September	7.57	6.09
October	7.02	5.55
November	6.58	5.91
December	6.81	4.94
2019		
January	5.88	4.88
February	6.20	5.64
March	6.90	5.60
April (up to the Latest Practicable Date)	7.90	6.95

NOTICE OF ANNUAL GENERAL MEETING



LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 02186)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of Luye Pharma Group Ltd. (the “**Company**”) will be held at Taishan Room, 5/F, Conrad, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Wednesday, 12 June 2019 at 3:00 p.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and of the auditors of the Company (the “**Auditors**”) for the year ended 31 December 2018.
2. To declare a final dividend of RMB0.057 (equivalent to HK\$0.065) per share for the year ended 31 December 2018;
3.
 - (a) To re-elect Mr. LIU Dian Bo as an executive Director;
 - (b) To re-elect Mr. ZHANG Hua Qiao as an independent non-executive Director;
 - (c) To re-elect Dr. CHOY Sze Chung Jojo as an independent non-executive Director; and
 - (d) To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the Directors.
4. To re-appoint Ernst & Young as the Auditor to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration for the year ending 31 December 2019.
5. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:
 - (A) “**That:**
 - (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal

NOTICE OF ANNUAL GENERAL MEETING

with any unissued ordinary shares in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which might require the shares in the capital of the Company to be issued either during or after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal value of the Shares so allotted or issued or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) an issue of Shares upon the exercise of options which may be granted under any share option schemes or similar arrangement;
 - (iii) any scrip dividend scheme or other similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company from time to time in effect (the “**Bye-laws**”);
 - (iv) exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares in issue prior to the date of passing of this resolution 5(A); or
 - (v) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of:
 - (a) 20% of the issued share capital of the Company as at the date of passing this resolution 5; and
 - (b) (if the Board is so authorised by resolution 5(C)) the aggregate nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of resolution 5(B) (up to a maximum equivalent to 10% of the issued share capital of the Company as at the date of passing resolution 5(B)),

NOTICE OF ANNUAL GENERAL MEETING

and the approval shall be limited accordingly; and

(d) for the purpose of this resolution 5(A):

(a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of the shareholders of the Company in a general meeting, either unconditionally or subject to conditions;

(2) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any other applicable laws to be held; or

(3) the date when it is varied or revoked by an ordinary resolution of the shareholders of the Company in a general meeting; and

(b) “**Rights Issue**” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to the holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

(B) “**That:**

(a) having considered an explanatory statement set out in the circular, subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers for and on behalf of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved; the aggregate nominal amount of the Shares, which may be repurchased pursuant to the approval in

NOTICE OF ANNUAL GENERAL MEETING

paragraph (i) above of this resolution 5(B) shall not exceed 10% of the issued share capital of the Company as at the date of passing of this resolution 5(B), and the said approval shall be limited accordingly;

(b) for the purposes of this resolution 5(B):

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of the shareholders of the Company in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which the Company’s next annual general meeting is required by the Bye-laws or any other applicable laws to be held; or
- (3) the date when it is varied or revoked by an ordinary resolution of the shareholders of the Company in a general meeting;” and

(C) “**That** conditional upon resolutions 5(A) and 5(B) set out in this notice being passed, the aggregate nominal amount of Shares which are repurchased by the Company after the date of passing of resolution 5(B) (up to a maximum of 10% of the issued share capital of the Company as at the date of passing of resolution 5(B)), shall be added to the aggregate nominal amount of share capital that may be (or agreed conditionally or unconditionally to be) allotted, issued and otherwise dealt with by the Directors pursuant to resolution 5(A).”

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

Hong Kong, 30 April 2019

NOTICE OF ANNUAL GENERAL MEETING

<i>Registered Office:</i>	<i>Head Office and Principal Place of Business in China:</i>	<i>Principal Place of Business in Hong Kong:</i>
Clarendon House 2 Church Street Hamilton HM 11 Bermuda	No. 15 Chuang Ye Road High-tech Industrial Development Zone Yantai, Shandong 264003 People's Republic of China Building 12 Shanghai Business Park III No. 1036 Tianlin Road Shanghai People's Republic of China	Unit 3207, 32/F Champion Tower 3 Garden Road Central Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the above Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder.
- (ii) In the case of joint holders of any Share, any one of such persons may vote at the above Annual General Meeting, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the above Annual General Meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be completed, signed and returned to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. The completion and delivery of the form of proxy shall not preclude the shareholders from attending and voting in person at the Annual General Meeting (or any adjourned meeting thereof) if they so wish.
- (iv) The transfer books and register of members of the Company will be closed from 6 June 2019 to 12 June 2019, both days inclusive, to determine the entitlement of shareholders to attend and vote at the Annual General Meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 June 2019.

In addition, the transfer books and register of members of the Company will be closed from 18 June 2019 to 20 June 2019, both days inclusive, to determine the entitlement to the proposed final dividend, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 June 2019.

NOTICE OF ANNUAL GENERAL MEETING

- (v) In respect of the ordinary resolution 3 above, Mr. LIU Dian Bo, Mr. ZHANG Hua Qiao and Dr. CHOY Sze Chung Jojo will retire and be eligible to stand for re-election at the Annual General Meeting. Details of the above retiring Directors standing for re-election are set out in Appendix I to the circular dated 30 April 2019 containing this notice.
- (vi) In respect of the ordinary resolution 5(A) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from shareholders of the Company as a general mandate for the purposes of the Listing Rules.
- (vii) In respect of the ordinary resolution 5(B) above, the Directors wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the circular dated 30 April 2019 containing this notice.