LUYE PHARMA GROUP LTD.
绿 叶 制 药 集 团 有 限 公 司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 02186)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Revenue increased by RMB86.2 million or 6.1% to RMB1,489.1 million, as compared to the six months ended 30 June 2015.
- EBITDA increased by RMB45.8 million or 8.8% to RMB567.5 million, as compared to the six months ended 30 June 2015.
- Gross profit increased by RMB118.5 million or 10.4% to RMB1,259.0 million, as compared to the six months ended 30 June 2015, and gross profit margin reached 84.5%.
- Profit attributable to shareholders increased by RMB39.1 million or 10.2% to RMB424.6 million, as compared to the six months ended 30 June 2015.
- Earnings per share was RMB12.78 cents compared to RMB11.61 cents for the six months ended 30 June 2015.
- The Board declared an interim dividend of RMB0.032 (equivalent to HK$0.037) per share for the six months ended 30 June 2016.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Luye Pharma Group Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period of 2015, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June **2016** *RMB'000* **(Unaudited)**	2015 *RMB'000* (Unaudited) (Restated)
REVENUE	*5*	**1,489,075**	1,402,848
Cost of sales		**(230,099)**	(262,421)
Gross profit		**1,258,976**	1,140,427
Other income and gains	*5*	**78,940**	58,965
Selling and distribution expenses		**(608,037)**	(561,447)
Administrative expenses		**(119,937)**	(83,717)
Other expenses		**(107,275)**	(90,054)
Finance costs	*7*	**(13,333)**	(7,577)
Share of profit of an associate		**1,548**	509
PROFIT BEFORE TAX	*6*	**490,882**	457,106
Income tax expense	*8*	**(67,791)**	(63,047)
PROFIT FOR THE PERIOD		**423,091**	394,059
Attributable to:			
Owners of the parent		**424,569**	385,437
Non-controlling interests		**(1,478)**	8,622
		423,091	394,059
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)			
— For profit for the period	*10*	**12.78 cents**	11.61 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**423,091**	394,059
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Fair value change on available-for-sale investments	**(486)**	(1,678)
Exchange differences on translation of foreign operations	**3,827**	(1,024)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**3,341**	(2,702)
Other comprehensive income for the period, net of tax	**3,341**	(2,702)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**426,432**	391,357
Attributable to:		
Owners of the parent	**427,910**	382,735
Non-controlling interests	**(1,478)**	8,622
	426,432	391,357

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**1,265,588**	1,196,262
Advance payments for property, plant and equipment		**66,034**	48,762
Prepaid land lease payments		**209,918**	185,813
Goodwill		**347,356**	347,356
Other intangible assets		**119,320**	126,216
Investment in an associate		**5,809**	4,350
Available-for-sale investments	*12*	**3,550**	3,342
Deferred tax assets		**92,005**	69,377
Total non-current assets		**2,109,580**	1,981,478
CURRENT ASSETS			
Inventories		**330,203**	285,609
Trade and notes receivables	*13*	**1,504,748**	1,193,103
Prepayments, deposits and other receivables	*14*	**510,986**	118,249
Due from related parties	*17(b)(i)*	**1,172**	1,600
Available-for-sale investments	*12*	**616,349**	1,402,118
Pledged time deposits		**885,618**	266,500
Time deposit with original maturity of over three months		**145,000**	960,591
Cash and cash equivalents		**3,159,646**	843,674
Total current assets		**7,153,722**	5,071,444
CURRENT LIABILITIES			
Trade and notes payables	*15*	**93,610**	83,219
Other payables and accruals		**386,281**	366,457
Interest-bearing loans and borrowings	*16*	**2,241,102**	502,222
Government grants		**67,536**	25,155
Tax payable		**73,114**	64,946
Due to related parties	*17(b)(ii)*	**1,850**	3,428
Total current liabilities		**2,863,493**	1,045,427

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at	
		30 June	31 December
		2016	2015
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
NET CURRENT ASSETS		**4,290,229**	4,026,017
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,399,809**	6,007,495
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	*16*	**455**	493
Government grants		**77,591**	115,150
Deferred tax liabilities		**95,800**	92,321
Total non-current liabilities		**173,846**	207,964
Net assets		**6,225,963**	5,799,531
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**427,269**	427,269
Share premium		**2,936,817**	2,936,817
Reserves		**2,727,785**	2,299,875
		6,091,871	5,663,961
Non-controlling interests		**134,092**	135,570
Total equity		**6,225,963**	5,799,531

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act on 2 July 2003. It was listed on the Singapore Exchange Securities Trading Limited on 5 May 2004, and delisted since 29 November 2012. On 9 July 2014, the Company succeeded its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the development, production, marketing and sale of pharmaceutical products.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is Suite 3207, Champion Tower, 3 Garden Road, Central, Hong Kong.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2. PRIOR YEAR RESTATEMENT

Certain of the marketing and promotion expenses paid by the Group to the third party promoters were passed onto the distributors and the directors of the Company considered that the relevant expenses should be adjusted and accounted for as a reduction of the revenue earned from the distributors instead of recorded as selling and distribution expenses in the consolidated financial statements of the Group. As a result, a prior year adjustment was recorded to offset the related revenue and selling and distribution expenses of RMB347,868,000 for the six months ended 30 June 2015.

The above adjustment did not affect the net profit or net assets of the Group as at 30 June 2015 or before.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the following revised standards effective as of 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs

The adoption of these revised standards has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

The Group has not applied the new and revised International Financial Reporting Standards, that have been issued but are not yet effective, in these interim condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group manages its businesses by type of products. The Group's chief operating decision maker is the chief executive officer of the Company, who reviews revenue and results of major type of products sold for the purpose of resource allocation and assessment of segment performance. Segment result is evaluated based on gross profit less selling expense allocated. No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

For the six months ended 30 June 2016 (Unaudited)

	Oncology drugs	Cardio-vascular system drugs	Alimentary tract and metabolism drugs	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
External customers	**888,430**	**306,804**	**250,923**	**42,918**	**1,489,075**
Total revenue	**888,430**	**306,804**	**250,923**	**42,918**	**1,489,075**
Segment results	**435,139**	**115,699**	**91,605**	**8,496**	**650,939**
Other income and gains					**78,940**
Administrative expenses					**(119,937)**
Other expenses					**(107,275)**
Finance costs					**(13,333)**
Share of profit of an associate					**1,548**
Profit before tax					**490,882**

For the six months ended 30 June 2015 (Unaudited)

	Oncology drugs *RMB'000* (Restated)	Cardio-vascular system drugs *RMB'000* (Restated)	Alimentary tract and metabolism drugs *RMB'000* (Restated)	Others *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue					
External customers	790,038	348,491	223,454	40,865	1,402,848
Total revenue	790,038	348,491	223,454	40,865	1,402,848
Segment results	363,854	123,234	87,594	4,298	578,980
Other income and gains					58,965
Administrative expenses					(83,717)
Other expenses					(90,054)
Finance costs					(7,577)
Share of profit of an associate					509
Profit before tax					457,106

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the reporting period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Sale of drugs	**1,522,826**	1,436,003
Less: Business tax and government surcharges	**(33,751)**	(33,155)
	1,489,075	1,402,848
Other income and gains		
Bank interest income	**18,387**	6,224
Government grants	**32,501**	15,002
Investment income	**26,774**	36,577
Others	**1,278**	1,162
	78,940	58,965

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of items of property, plant and equipment	**49,017**	42,469
Amortisation of other intangible assets	**11,680**	11,970
Amortisation of prepaid land lease payments	**2,635**	2,636
Operating lease expenses	**9,619**	6,541
Auditors' remuneration	**1,680**	1,680
Research and development costs	**83,981**	86,035
Cost of inventories sold	**230,099**	262,421
Foreign exchange loss, net	**21,944**	2,457
Loss on disposal of non-current assets	**430**	149

7. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**13,317**	7,562
Finance charges payable under a finance lease	**16**	15
	13,333	7,577

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of profit or loss are:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax charge	**86,691**	66,812
Adjustments in respect of income tax of previous years	**82**	(1,432)
Deferred tax	**(18,982)**	(2,333)
Total tax charge for the period	**67,791**	63,047

9. DIVIDEND

An interim dividend of RMB0.032 per share for the period ended 30 June 2016 was declared by the Board on 29 August 2016 (six months ended 30 June 2015: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,321,073,843 (the six months ended 30 June 2015: 3,321,073,843).

The following reflects the income and share data used in the basic earnings per share computation:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**424,569**	385,437

	Number of shares for the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of shares in issue during the period	**3,321,073,843**	3,321,073,843

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods.

11. PROPERTY, PLANT AND EQUIPMENT

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying amount at beginning of period	**1,196,262**	1,092,151
Additions	**119,221**	191,341
Depreciation provided during the period	**(49,017)**	(86,280)
Disposals	**(878)**	(950)
Carrying amount at end of period	**1,265,588**	1,196,262

As at 30 June 2016, the Group was applying for certificates of ownership for certain properties with the net book value of RMB1,486,000 (31 December 2015: RMB1,519,000). The Board is of the opinion that the use of the properties and the conduct of operating activities at these properties referred to above are not affected by the fact the Group had not yet obtained the relevant property title certificates. The Group is not able to assign, transfer or mortgage these assets until such certificates are obtained.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Current		
Investment in bank financial products, at fair value	**616,349**	1,402,118
Non-current		
Listed equity investment, at fair value	**3,050**	2,842
Unlisted investment, at cost	**500**	500
	3,550	3,342

Current available-for-sale investments are structured financial products issued by banks with expected interest rates ranging from 2.45% to 3.30% per annum with a maturity period within six months in the People's Republic of China ("**PRC**"). The principals are all protected. The fair values of the financial products approximate to their costs plus expected interest.

Non-current available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon date.

The fair value of the listed equity investment is derived from quoted price in an active market.

The fair value of unlisted investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for the investment, and (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. These investments were stated at cost less any impairment losses.

As at 30 June 2016, investment in bank financial products of RMB600,000,000 (31 December 2015: Nil) were pledged to secure intra-group notes payable.

13. TRADE AND NOTES RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	**755,478**	622,554
Notes receivable	**751,518**	572,673
	1,506,996	1,195,227
Less: Impairment of trade receivables	**(2,248)**	(2,124)
	1,504,748	1,193,103

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month to three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 3 months	**609,937**	530,615
Between 3 and 6 months	**85,101**	50,876
Between 6 and 12 months	**56,233**	37,347
Between 1 and 2 years	**2,879**	2,145
Over 2 years	**1,328**	1,571
	755,478	622,554

The notes receivable are due within six months. As at 30 June 2016, no notes receivable were pledged to secure notes payable. As at 31 December 2015, the Group has pledged notes receivable of RMB15,805,000 to secure notes payable of RMB10,235,000.

As at 30 June 2016, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB70,556,000 (31 December 2015: RMB73,157,000) (the "**Endorsement**"). In addition, the Group discounted certain notes receivable accepted by certain banks in the PRC (the "**Discounted Notes**") with a carrying amount in aggregate of RMB810,713,000 (31 December 2015: Nil) (the "**Discount**"). The Endorsed Notes and the Discounted Notes have a maturity from one to six months as at 30 June 2016. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**").

In the opinion of the Board, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with amounts of RMB29,916,000 (31 December 2015: RMB44,662,000) (the "**Derecognised Notes**") as at 30 June 2016. Accordingly, it has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equals to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in these Derecognised Notes are not significant.

The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and associated trade payables settled with an amount of RMB40,640,000 (31 December 2015: RMB28,495,000), and recognised the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB810,713,000 (31 December 2015: Nil) as short term loans as at 30 June 2016 because the Board believes that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes and Discounted Notes.

During the period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the continuing involvement, both during the period or cumulatively. The Endorsement and Discount have been made evenly throughout the period.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Entrusted loan receivables	**400,000**	—
Other receivables	**89,013**	80,427
Prepaid income tax	**3,904**	3,904
Prepayments	**21,069**	36,918
	513,986	121,249
Less: Impairment of other receivables	**(3,000)**	(3,000)
	510,986	118,249

The entrusted loan receivables are unsecured, repayable within one month from the statement of financial position date, and bear interest at 0.5% per month.

In July 2016, the Group has fully received the entrusted loan receivables.

15. TRADE AND NOTES PAYABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade payables	**72,723**	72,984
Notes payable	**20,887**	10,235
	93,610	83,219

An aging analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Less than 3 months	**87,497**	71,221
Between 3 and 6 months	**2,655**	9,751
Between 6 and 12 months	**2,008**	1,420
Between 1 and 2 years	**1,132**	513
Over 2 years	**318**	314
	93,610	83,219

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at 30 June 2016, notes payable of RMB20,887,000 (31 December 2015: Nil) were secured by the Group's time deposits with a carrying amount of RMB13,887,000 (31 December 2015: Nil).

As at 31 December 2015, notes payable of RMB10,235,000 were secured by the Group's notes receivable with a carrying amount of RMB15,805,000. The maturity date of the notes payable is within six months.

16. INTEREST-BEARING LOANS AND BORROWINGS

As at 30 June 2016

	Effective interest rate *(%)*	**Maturity**	***RMB'000***
Current			
Bank loans — secured			
RMB80,000,000 bank loan	3.61	12 September 2016	80,000
RMB22,300,000 bank loan	3.61	20 September 2016	22,300
RMB4,850,000 bank loan	3.61	20 September 2016	4,850
RMB160,000,000 bank loan	3.70	25 July 2016	160,000
RMB70,000,000 bank loan	3.70	27 August 2016	70,000
RMB330,000,000 bank loan	3.70	27 August 2016	330,000
RMB85,000,000 bank loan	3.70	29 August 2016	85,000
US$25,000,000 bank loan	3-Month HIBOR+1.65	1 April 2017	165,780
US$40,000,000 bank loan	12-Month LIBOR+0.75	28 July 2016	265,248
EUR33,500,000 bank loan	3-Month LIBOR+0.8	1 April 2017	247,063
Discounted notes receivable			
	3.40	23 August 2016	10,713
	3.70	25 October 2016	200,000
	3.07	24 December 2016	600,000
Finance lease payables, current portion	2.2	30 June 2017	148
			2,241,102
Non-current			
Finance lease payables	2.2	1 July 2017 – 30 August 2020	455
			2,241,557

As at 31 December 2015

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current			
Bank loans — secured			
RMB80,000,000 bank loan	3.77	15 March 2016	80,000
US$25,000,000 bank loan	3-Month LIBOR+1.8	1 April 2016	162,340
US$40,000,000 bank loan	12-Month LIBOR+0.75	28 July 2016	259,744
Finance lease payables, current portion	2.2	31 December 2016	138
			502,222
Non-current			
Finance lease payables	2.2	1 January 2017 – 30 August 2020	493
			502,715

Certain of the Group's bank loans are secured by the pledge of certain of the Group's time deposits of RMB475,500,000 (31 December 2015: RMB266,500,000) and are guaranteed by the companies within the Group.

17. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Company	Relationship
Steward Cross Pte. Ltd. ("**Steward Cross**")	Associate
Shandong Boan Biological Technology Co., Ltd ("**Shandong Boan**")	An entity controlled by a director of the Company

(a) The Group had the following transactions with related parties during the six months ended 30 June 2016 and 2015:

		For the six months ended 30 June	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Sales of products to Steward Cross	*(i)*	**3,844**	3,609
Sales of inventories to Shandong Boan	*(ii)*	**1,439**	2,873

Notes:

(i) The sales to Steward Cross were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The sales to Shandong Boan were made on terms equivalent to those that prevail in arm's length transaction.

(b) Outstanding balances with related parties:

The Group had the following significant balances with its related parties as at 30 June 2016 and 31 December 2015:

(i) Due from related parties

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Steward Cross	**1,172**	1,600

(ii) Due to related parties

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Shandong Boan	**1,850**	3,428

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group focuses on developing, producing, marketing and selling innovative pharmaceutical products in four of the largest and fast growing therapeutic areas in the People's Republic of China ("**PRC**" or "**China**"), namely oncology, cardiovascular system, alimentary tract and metabolism and central nervous system ("**CNS**"). The Group's product portfolio consists of 30 products and centres around 5 key products, 4 of which have patent protection and are indicated for the treatment or prevention of high prevalence medical conditions, including cancer, cardiovascular diseases and diabetes. For the six months ended 30 June 2016, the Group's sales of innovative pharmaceutical products maintained a stable growth momentum as the Group further deepened its market penetration and expanded the market share of its key products. The Group recorded a stable revenue growth of 6.1% in the first six months of 2016 as compared to the same period of 2015.

Market Positioning

All of the Group's key products are competitively positioned in one of its three key therapeutic areas and have gained top-ranking market shares measured by revenue. According to IMS Health Incorporated ("**IMS**"), oncology-related pharmaceutical products constituted the fourth largest market for pharmaceutical products in the PRC in the first six months of 2016. The Group's portfolio of oncology products includes Lipusu, the best-selling pharmaceutical product for cancer treatment in China in the first six months of 2016 according to IMS, as well as CMNa, a Class I New Chemical Drug and the only China Food and Drug Administration (the "**CFDA**") approved sensitiser for cancer radiotherapy in China. IMS data showed that cardiovascular system-related pharmaceutical products constituted the second largest market for pharmaceutical products in the PRC in the first six months of 2016. According to IMS, the Group's key cardiovascular system products, Xuezhikang and Maitongna, were the most popular Chinese medicine for the treatment of hypercholesterolaemia and the best-selling domestically manufactured vasoprotective pharmaceutical product in China in the first six months of 2016, respectively. According to IMS, alimentary tract and metabolism-related pharmaceutical products constituted the largest market for pharmaceutical products in the PRC in the first six months of 2016. According to IMS, the Group was the third largest domestic pharmaceutical manufacturer of oral diabetic medications in China in the first six months of 2016 by revenue. For the first six months of 2016, the Group's revenue from sales of oncology products, alimentary tract and metabolism products and other products increased to RMB888.4 million, RMB250.9 million and RMB42.9 million, respectively, representing a growth rate of 12.5%, 12.3% and 5.0% as compared to the same period of 2015 for the respective therapeutic areas. The Group's revenue from sales of cardiovascular system products achieved RMB306.8 million in first six months of 2016, representing a decrease of 12.0% as compared to the same period of 2015.

Key Products

The Company believes that the Group's five key products are competitively positioned for high prevalence medical conditions that are expected to grow stably in China.

Lipusu® (力撲素®)

Lipusu is the Group's proprietary formulation of paclitaxel using an innovative liposome injection delivery vehicle and a chemotherapy treatment of certain types of cancer. According to IMS, the market for oncology pharmaceutical products in the PRC was RMB31.8 billion in the first six months of 2016 and by revenue, Lipusu was the most popular pharmaceutical product for cancer treatment in China in the first six months of 2016, as well as the most popular paclitaxel product in China in the first six months of 2016 with a market share of approximately 51.9%. As of 30 June 2016, Lipusu represented the first and only paclitaxel liposome product approved for sale globally.

CMNa® (希美納®)

CMNa is sodium glycididazole, a proprietary compound that the Group prepares in injectable form and is indicated for use in connection with radiotherapy for certain solid tumours. It is a Class I New Chemical Drug and the only CFDA approved sensitiser for cancer radiotherapy in China. According to the CFDA, CMNa was the only glycididazole product available for sale in China as of 30 June 2016. An independent third party study in 2009 concluded that the use of CMNa for the treatment of certain cancers increased the probability of complete or partial remission and reduced overall treatment costs.

Xuezhikang® (血脂康®)

Xuezhikang is the Group's proprietary Chinese medicine derived from red yeast rice indicated for hypercholesterolaemia and, according to the CFDA, the Group was the only Xuezhikang manufacturer in China as of 30 June 2016. According to IMS, the market for pharmaceutical products indicated for hypercholesterolaemia and the lowering of blood cholesterol triglycerides and low density lipoprotein cholesterol in China was estimated to be approximately RMB5.7 billion in the first six months of 2016. According to IMS, Xuezhikang ranked as the most popular Chinese medicine for the treatment of hypercholesterolaemia in China in the first six months of 2016.

Maitongna® (麥通納®)

Maitongna is sodium aescinate in injectable form and is indicated for the treatment of cerebral oedema and oedema caused by trauma or surgery as well as for the treatment of venous reflux disorder. According to IMS, the market for vasoprotective pharmaceutical products in China was estimated to be approximately RMB1.1 billion in the first six months of 2016. Maitongna was the best-selling sodium aescinate product in China in the first six months of 2016 and ranked as the best-selling domestically manufactured vasoprotective pharmaceutical product in China in the first six months of 2016, according to IMS, with a market share of approximately 68.0% in the first six months of 2016.

Bei Xi® (貝希®)

Bei Xi is acarbose in capsule form and is indicated for lowering blood glucose in patients with type 2 diabetes mellitus. According to the CFDA, the Group was the only manufacturer of acarbose in capsule form in China as of 30 June 2016. According to IMS, the market for acarbose products in China was estimated to be approximately RMB1.6 billion in the first six months of 2016 and Bei Xi ranked as the third most popular acarbose product in China with a market share of approximately 6.6% in the first six months of 2016.

Research and Development ("R&D")

The Group's R&D activities are organised around three platforms — long-acting and extended release technology, liposome and targeted drug delivery and new compounds. The Group balances clinical development risk by strategically allocating its efforts between proprietary formulations of proven compounds and new chemical entities. The Group believes that its R&D capabilities will be the driving force behind the Group's long-term competitiveness, as well as the Group's future growth and development.

As of 30 June 2016, the Group's R&D team consisted of approximately 300 employees, including approximately 40 Ph.D. degree holders and approximately 150 Master's degree holders in medical, pharmaceutical and other related areas. As of 30 June 2016, the Group had been granted over 250 patents and had over 40 pending patent applications in the PRC, as well as over 120 patents and over 50 pending patent applications overseas.

Through the Group's three platforms and the corresponding R&D capabilities, the Group focuses on R&D projects not only within its core strength therapeutic areas of oncology and alimentary tract and metabolism, but also expands into the CNS therapeutic area, which according to IMS, was one of the fastest growing therapeutic areas in China from 2013 to 2015 with a compound annual growth rate ("**CAGR**") of 11.7%. As of 30 June 2016, the Group had a pipeline of 21 PRC product candidates in various stages of development. These candidates included 8 oncology products, 3 cardiovascular and metabolism products, as well as 10 CNS products.

In March 2016, the Group's product candidate, Goserelin Acetate Extended Release Microspheres for Injection ("**LY01005**"), has obtained the approval from the United States (the "**U.S.**") Food and Drug Administration (the "**FDA**") to initiate clinical trials for the treatment of carcinoma of the prostate. The Group believes that LY01005 has a good marketing potential and will provide an impetus to the Group's development in the oncology therapeutic area.

In August 2016, LY01005 has obtained the approval from the CFDA to initiate clinical trials for the treatment of carcinoma of the prostate. In addition to China and the U.S., the Company is also targeting to obtain clinical trial approval for this potential new drug in Europe and Japan.

Sales, Marketing and Distribution

The Group has established an extensive nationwide sales and distribution network and sold its products to 30 provinces, autonomous regions and municipalities throughout the PRC in the first six months of 2016. The Group's sales, marketing and distribution functions are conducted through over 60 sales support offices, over 1,300 sales and marketing personnel, a network of approximately 1,000 distributors that collectively enabled the Group to sell its products to over 10,000 hospitals, which comprised approximately 1,220 or approximately 67.0% of all Class III hospitals, approximately 2,950 or approximately 43.0% of all Class II hospitals and approximately 6,000 or approximately 37.0% of all Class I and other hospitals and medical institutions, in the PRC in the first six months of 2016. The Group believes that its sales and marketing model and extensive coverage of hospitals with other medical institutions represent a significant competitive advantage and a culmination of both academic promotion by the Group's inhouse personnel in different regions and partnerships with high-quality distributors across China. The Group also believes that its sales and marketing model also provides a solid foundation for the Group to continue to enhance market awareness of its brand and expand the market reach of its products.

Outlook

Due to policy and market factors, the Chinese pharmaceutical industry's growth rate began to revive in the first six months of 2016. However, since it is a highly competitive industry, inevitably all the pharmaceutical companies are facing intense competition from other market participants. For the year of 2016, the Group will continue to introduce measures to improve its profitability and enhance efficiency in key aspects of its operations. With respect to its sales and marketing activities, the Group will continue to undertake a series of changes and initiatives to enable it to focus its marketing and promotion resources on the regions and products where marketing and promotion expenditure yields higher returns, thereby increasing its overall sales efficiency. The Group also intends to increase its profitability through production efficiency and to continuously upgrade its production facilities. In addition, the Group intends to further strengthen its R&D capabilities and develop its product candidates.

As described above, in March 2016, LY01005 has obtained the approval from the U.S. FDA to initiate clinical trials for the treatment of carcinoma of the prostate. The Group believes that LY01005 has a good marketing potential and will provide an impetus to the Group's development in the oncology therapeutic area. In August 2016, LY01005 has also obtained the approval from the CFDA to initiate clinical trials for the treatment of carcinoma of the prostate. In addition to China and the U.S., the Company is also targeting to obtain clinical trial approval for this potential new drug in Europe and Japan.

In July 2016, the Group announced to acquire the transdermal drug delivery systems ("**TDS**") business through the acquisition of Acino AG and Acino Supply AG. The TDS business includes the business of developing, producing and distributing therapeutic systems for drug release and related products, and providing related services, which in particular include the transdermal systems and implants. The acquisition target possesses strong know-how in difficult-to-make formulations, applying the highest quality standards and has a proven R&D and successful product launch track record. Its robust product pipeline also offers potential to deliver multiple products into the markets over the next few years. The Company believes that the acquisition represents a valuable opportunity to acquire a well-established European specialized pharmaceutical platform and a leading business in niche markets, together with a strong revenue base supported by a diversified product portfolio as well as a promising pipeline of products. The acquisition will be a significant step in the Group's international expansion strategy and will help the Group achieve various strategic goals. The acquisition is now in progress.

Management of the Group is confident that, with the Group's strong competitive positioning of its innovative products, its strong pipeline of product candidates, its proven R&D capabilities and its sales and marketing networks, as well as its capabilities to execute strategic acquisitions, the Group is well positioned to enter a new phase of rapid growth.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2016, the Group's revenue amounted to approximately RMB1,489.1 million, as compared to RMB1,402.8 million for the six months ended 30 June 2015, representing an increase of approximately RMB86.2 million, or 6.1%. The increase is mainly attributable to the sales growth of the Group's key products.

For the six months ended 30 June 2016, the Group's revenue from sales of oncology products increased to RMB888.4 million, as compared to RMB790.0 million for the six months ended 30 June 2015, representing an increase of approximately RMB98.4 million, or 12.5%, primarily attributable to the increase in sales volume of various oncology product of the Group.

For the six months ended 30 June 2016, revenue from sales of cardiovascular system products decreased to RMB306.8 million, as compared to RMB348.5 million for the six months ended 30 June 2015, representing an decrease of approximately RMB41.7 million, or 12.0%, primarily attributable to the decrease in sales volume of various cardiovascular system products of the Group.

For the six months ended 30 June 2016, revenue from sales of alimentary tract and metabolism products increased to RMB250.9 million, as compared to RMB223.5 million for the six months ended 30 June 2015, representing an increase of approximately RMB27.5 million, or 12.3%, primarily attributable to the increase in sales volume of various alimentary tract and metabolism products of the Group.

For the six months ended 30 June 2016, revenue from sales of other products increased to RMB42.9 million, as compared to RMB40.9 million for the six months ended 30 June 2015, representing an increase of approximately RMB2.1 million, or 5.0%.

Cost of Sales

The Group's cost of sales decreased from RMB262.4 million for the six months ended 30 June 2015 to approximately RMB230.1 million for the six months ended 30 June 2016, which accounted for approximately 15.5% of the Group's total revenue for the same period. The Group's decrease in cost of sales was mainly due to the increase in sales volumes of higher margin product, better cost management and reduce in contract manufacturing from outside vendor, for the six months ended 30 June 2016, as compared to the same period in 2015.

Gross Profit

For the six months ended 30 June 2016, the Group's gross profit increased to RMB1,259.0 million, as compared to RMB1,140.4 million for the six months ended 30 June 2015, representing an increase of approximately RMB118.5 million, or 10.4%. The increase in the Group's gross profit was broadly in line with its revenue growth. The Group's gross profit margin increased to 84.5% for the six months ended 30 June 2016 from 81.3% for the corresponding period of 2015.

Other Income and Gains

The Group's other income and gains mainly comprised of government grants, interest income and investment income. For the six months ended 30 June 2016, the Group's other income and gains increased to RMB78.9 million, as compared to RMB59.0 million for the six months ended 30 June 2015, representing an increase of approximately RMB19.9 million. The increase is mainly attributable to higher government grant recognised and higher interest income earn during the period. The increase is offset by lower investment income during the six months ended 30 June 2016, as compared to the corresponding period of 2015.

Selling and Distribution Expenses

The Group's selling and distribution expenses consisted of expenses that were directly related to the Group's marketing, promotion and distribution activities. For the six months ended 30 June 2016, the Group's selling and distribution expenses amounted to RMB608.0 million, as compared to RMB561.4 million for the six months ended 30 June 2015, representing an increase of RMB46.6 million, or 8.3%. The increase was mainly attributable to increased promotional activities for the Group's products and a slight increase in staff cost in line with market growth. On the other hand, as a percentage of revenue the Group's selling and distribution expenses increased from 40.0% the six months ended 30 June 2015 to 40.8% the six months ended 30 June 2016, primarily as a result of the Group's continued efforts to expand its marketing and promotion spending to new regions and hospitals.

Administrative Expenses

The Group's administrative expenses primarily consisted of staff cost, general operating expense, conference and entertainment expense, travel and transportation expense, depreciation, amortisation and impairment loss, auditor's remuneration, consulting expenses, bank charges, taxation and other administrative expenses. For the six months ended 30 June 2016, the Group's administrative expenses amounted to approximately RMB119.9 million, as compared to RMB83.7 million for the six months ended 30 June 2015, representing an increase of approximately RMB36.2 million, or 43.3%. The increase mainly due to higher staff cost, general operating cost and a one-off consulting expenses incurred during the six months ended 30 June 2016.

Other Expenses

The Group's other expenses primarily consisted of its R&D costs, foreign exchange losses, donations, loss on disposals of property, plants and equipment and miscellaneous expenses. For the six months ended 30 June 2016, the Group's other expenses amounted to approximately RMB107.3 million, as compared to RMB90.1 million for the six months ended 30 June 2015, representing an increase of approximately RMB17.2 million, or 19.1%. The increase was mainly due to increase in foreign exchange losses as RMB depreciate during the period.

Finance Costs

For the six months ended 30 June 2016, the Group's finance costs amounted to RMB13.3 million, as compared to RMB7.6 million for the six months ended 30 June 2015, representing an increase of approximately RMB5.7 million, or 76.0%. The increase was mainly due to the higher level of monthly average outstanding bank borrowings during the six months ended 30 June 2016 as compared to the corresponding period of 2015.

Income Tax Expense

For the six months ended 30 June 2016, the Group's income tax expense amounted to RMB67.8 million, as compared to RMB63.0 million for the six months ended 30 June 2015, representing an increase of RMB4.8 million, or 7.5%. The effective tax rate for the six months ended 30 June 2016 and the corresponding period of 2015 was consistent at 13.8%.

Net Profit

The Group's net profit for the six months ended 30 June 2016 was approximately RMB423.1 million, as compared to RMB394.1 million for the six months ended 30 June 2015, representing an increase of approximately RMB29.0 million, or 7.4%.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2016, the Group had net current assets of approximately RMB4,290.2 million, as compared to RMB4,026.0 million as at 31 December 2015. The current ratio of the Group decreased to approximately 2.5 as at 30 June 2016 from 4.9 as at 31 December 2015. The increase in net current assets was mainly attributable to higher level of trade and note receivables which is in line with the growth in revenue, as well as significant increase in cash and cash equivalents. The increased is offset by higher level of loan and borrowings during the period.

Borrowing

As at 30 June 2016, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB2,241.6 million, as compared to RMB502.7 million as at 31 December 2015. Amongst the bank and other borrowings, approximately RMB2,241.1 million are repayable within one year, and approximately RMB0.5 million are repayable after one year. The increase in bank borrowings is mainly for the proposed acquisition announced by the Company on 25 July 2016.

Gearing Ratio

As at 30 June 2016, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to 36.0% from 8.7% as at 31 December 2015. The increase was primarily due to an increase in the Group's total borrowings resulting from additional loans taken during the period.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Company's initial public offering (after deducting the underwriting fees and related expenses) amounted to HK$3,845 million, which are intended to be applied in the manner consistent with that set out in the Company's prospectus dated 26 June 2014.

As at 29 August 2016, the Group had utilised HK$2,000.4 million, representing 52.0% of the net proceeds received by the Company from the IPO. Set out below is a summary of the utilisation of the net proceeds:

Use of proceeds (HK$'MM)	Amount	%	Utilised	%	Unutilized balance as at 29 August 2016	%
To expand the Group's portfolio of pharmaceuticals products	769.0	20.0	150.0	3.9	619.0	16.1
For R&D	769.0	20.0	250.0	6.5	519.0	13.5
For selective acquisition of domestic or international companies	769.0	20.0	150.0	3.9	619.0	16.1
To fund capital expenditure projects to increase production capabilities	769.0	20.0	681.4	17.7	87.6	2.3
To expand sales and marketing networks	192.2	5.0	192.2	5.0	NIL	NIL
To partially repay borrowings under U.S Dollar secured loan	192.2	5.0	192.2	5.0	NIL	NIL
For working capital and general corporate purposes	384.6	10.0	384.6	10.0	NIL	NIL

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2016, the Group did not have any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except for the acquisition of Acino AG and Acino Supply AG as disclosed below, the Group currently does not have other plans for material investments or capital assets.

SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

Reference is made to the Company's announcement dated 25 July 2016 (the "**Announcement**") in relation to the acquisition of Acino AG and Acino Supply AG. On 25 July 2016, Luye Pharma (Germany) GmbH and Luye Pharma Switzerland AG ("**Buyers**", each an indirectly wholly-owned subsidiary of the Company), the Company and the Acino International AG and Acino Pharma AG ("**Sellers**") entered into a share purchase agreement (the "**SPA**"), pursuant to which the Buyers have conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the entire issued share capital of Acino AG and Acino Supply AG (the "**Acquisition**"). The Company has agreed to guarantee the obligations of the Buyers under the SPA. The purchase price for the Acquisition is EUR245,000,000 (the "**Purchase Price**"), payable in cash and is subject to adjustments based on the cash balance, the outstanding indebtedness and the working capital level of Acino AG and Acino Supply AG as at the completion date of the acquisition in accordance with the terms of the SPA. As disclosed in the Announcement, it is expected that the Purchase Price will be funded by internal resources of the Group and/ or external financing. As at the date of this announcement, the proposed acquisition has not been completed.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of RMB0.032 (equivalent to HK$0.037) per share for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil), totaling approximately RMB106,300,000, to the shareholders of the Company whose names appear on the Company's register of shareholders on 11 October 2016. The interim dividend is expected to be paid on 8 November 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

For determining the entitlement to the proposed interim dividend, the register of shareholders of the Company will be closed from 6 October 2016 to 11 October 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed interim dividend, all transfer of shares of the Company, 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 Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 5 October 2016.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

During the six months ended 30 June 2016, the Company has complied with all the applicable code provisions set out in the CG Code, save and except for the following deviation:

Code provision A.2.1 of the CG Code

The roles of chairman and chief executive officer should be separate and performed by different individuals.

Under the current organisational structure of the Company, Mr. LIU Dian Bo is the executive chairman of the Board and the chief executive officer of the Company. With extensive experience in the pharmaceutical industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board will continue to review the effectiveness of the current organisational structure from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") of Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale and redemption of any listed securities of the Company or any of its subsidiaries during the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee of the Company has reviewed, with the management, and has no disagreement with the accounting principles and policies adopted by the Group, and discussed the unaudited condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2016 and recommended its adoption by the Board.

In addition, the independent auditor of the Company, Ernst & Young, has reviewed the unaudited interim results for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF THE INTERIM RESULTS AND 2016 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.luye.cn*), and the 2016 interim report containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 2016

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; and the independent non-executive Directors are Mr. ZHANG Hua Qiao, Professor LO Yuk Lam, Mr. LEUNG Man Kit and Mr. CHOY Sze Chung Jojo.