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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)

ANNOUNCEMENT

PARTNERSHIP WITH HANMI TO DEVELOP ONCOLOGY DRUG IN CHINA

The board of directors (the “Board”) of Luye Pharma Group Ltd. (the “Company”, together with its subsidiaries, the “Group”) announces that the Group and Hanmi Pharm. Co., Ltd. (“Hanmi”), a leading pharmaceutical company in Korea whose shares are listed on the Korean Exchange, entered into an agreement (the “Agreement”) on 20 August 2014, to co-develop Poziotinib, Hanmi’s clinical small molecule inhibitor of Pan-HER, for the treatment of cancer. Poziotinib could potentially treat several kinds of cancer through blocking EGFR family receptors.

Under the terms of the Agreement, the Group is granted with the exclusive rights to develop, manufacture and commercialize Poziotinib in the Group’s name in the People’s Republic of China (“China” or “PRC”) while Hanmi retains the exclusive rights in all other markets. The Group and Hanmi will communicate fully based on research and development (“R&D”) data of Poziotinib in/outside China to accelerate the commercialization of Poziotinib. The Group will run and fund the development, manufacturing and commercialization work in China, and will also make certain payments to Hanmi. The Group will apply for the approval and registration of Poziotinib with the China Food and Drug Administration and any new drug certificate issued will be under the Group’s name.

The treatment of cancer in China provides a great commercial opportunity. Oncology disease has been a major cause of death in China. According to the China National Bureau of Statistics, oncology diseases were responsible for approximately 25% of deaths caused by diseases in the PRC in 2012 and represent the largest cause of death in the same year. According to China Medical and Pharmaceutical Economic Information Network, oncology was the largest overall therapeutic area for pharmaceutical products in China in 2013 based on revenue, accounting for 18.8% of the market. According to IMS Health Incorporated (“IMS”), a global provider of market intelligence to the pharmaceutical and healthcare industries, the market for oncology pharmaceutical products in the PRC in 2013 was RMB30.2 billion, and grew at a compound annual growth rate of 18.3% from 2011 to 2013.

Based on revenue in 2013, the Group was the fifth largest domestic oncology pharmaceutical product manufacturer in China, according to IMS. The Group currently markets and sells six oncology products, and the Group's product pipeline includes eight additional oncology product candidates that are in various stages of development. Pozitotinib is expected to further enrich the Group's oncology drug pipeline in China and to strengthen the Group's competitive position in the oncology therapeutic area.

ABOUT POZIOTINIB

Pozitotinib is a novel, oral, irreversible pan-HER inhibitor blocking EGFR family receptors. Mutations or overexpression/amplification of EGFR family receptors have been associated with a number of cancers, including non-small cell lung cancer (NSCLC), breast cancer, gastric cancer, etc. In the Phase 1 clinical studies completed, Pozitotinib showed tolerable safety profiles and anticancer effects in previously heavily treated cancer patients. Currently, Pozitotinib is being investigated by Hanmi in EGFR-mutant NSCLC (Phase 2), gastric cancer (Phase 2), head & neck cancer (Phase 2), and HER2 positive breast cancer (Phase 2).

ABOUT HANMI

Hanmi is a Korea-based pharmaceutical company focusing on new drug development. It is a top R&D investor in the local pharmaceutical industry by investing over 15% of its annual revenue in the research and development. To date, Hanmi has 23 global R&D programmes, including (1) the novel long acting biologics including weekly Insulin, weekly to monthly GLP-1, and their combination for diabetes and obesity (collectively referred as Quantum Project); (2) the novel targeted anti-cancer drugs with improved tolerance and safety profile; and (3) the incrementally modified drugs and fixed-dosed combination drugs. Hanmi has been collaborating with global companies on various co-development and business opportunities.

The Company will keep the shareholders of the Company informed of any future development when necessary.

By Order of the Board
Luye Pharma Group Ltd.
LIU Dian Bo
Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the executive directors of the Company are Mr. LIU Dian Bo, Mr. YUAN Hui Xian, Mr. YANG Rong Bing and Ms. ZHU Yuan Yuan, the non-executive directors are Mr. PAN Jian, Mr. LIU Dong and Ms. WANG Xin, and the independent non-executive directors are Mr. ZHANG Hua Qiao, Professor LO Yuk Lam, Mr. LEUNG Man Kit and Mr. CHOY Sze Chung Jojo.