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LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 02186)

CLINICAL APPLICATION OF CLASS 1.1 NEW CHEMICAL DRUG LY03012 WAS FORMALLY ACCEPTED

The board of directors of Luye Pharma Group Ltd. (“the Company”, together with its subsidiaries, the “Group”) is pleased to announce that the clinical applications of the Group’s new compound candidate, the extended release tablets (“LY03012”), a China Class 1.1 New Chemical Drug, have received formal acceptance by the China Food and Drug Administration (“CFDA”).

LY03012 is a small molecule compound delivered orally. Non-clinical studies have shown that the product, as a novel brain monoamine neurotransmitter transporter inhibitor, can enter the brain and inhibit the presynaptic membrane 5-hydroxytryptamine transporters, namely, serotonin transporter (SERT), noradrenaline transporter (NET) and dopamine transporter (DAT), thereby increase the concentration of norepinephrine, 5-hydroxytryptamine, and dopamine in the synaptic cleft. LY03012, through enhancing the descending inhibitory pain pathway, exerts an analgesic effect. In addition, LY03012 can also regulate the body’s sleep-wake cycle, while producing an analgesic effect, and it is expected that it will not cause any adverse reactions associated with central inhibition, such as sedation and somnolence.

The Group has obtained patents covering the chemical compounds, the crystal forms and the formulation of the extended release tablets. The patents of the chemical compounds and the crystal forms have been obtained in China, the United States, Europe, Japan, Korea and other countries. The declared indications for LY03012 include the treatment of chronic pain such as diabetic peripheral neuralgia, musculoskeletal pain and fibromyalgia. Besides China, the Group is also dedicated to the registration and launching of LY03012 in the United States, Europe, Japan and other countries and regions.

According to the data of IQVIA, the size of the analgesics market in the United States and Europe in 2017 reached US\$17.946 billion, in aggregate, while the size of analgesic product market in China was US\$11.473 billion, and the size of the respective markets recorded a double-digit growth in the past two years.

The Company believes that LY03012 will enrich the Group's product portfolio in the field of analgesia and will accordingly continue to promote the Group's development in such field. In addition to LY03012, the Group also has a number of innovative analgesic product candidates, such as buprenorphine transdermal patches, which is under research and development.

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

Hong Kong, 15 June 2018

As at the date of this announcement, the executive Directors are Mr. LIU Dian Bo, Mr. YANG Rong Bing, Mr. YUAN Hui Xian and Ms. ZHU Yuan Yuan; non-executive Director is Mr. SONG Rui Lin; 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.