LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 02186)

VOLUNTARY ANNOUNCEMENT

EXCLUSIVE DEVELOPMENT AND COMMERCIALIZATION AGREEMENT IN RELATION TO THE NEW DRUG RIVASTIGMINE MULTI-DAY TRANSDERMAL PATCH WITH TOWA PHARMACEUTICAL IN JAPAN

The board of directors (the "Board") of Luye Pharma Group Ltd. (the "Company", together with its subsidiaries, the "Group") is pleased to announce that Luye Pharma Switzerland AG ("Luye Switzerland"), a fully owned subsidiary of the Group, has entered into an exclusive licensing, development and commercialization agreement (the "Agreement") in relation to the new drug, Rivastigmine Multi-day Transdermal Patch ("Rivastigmine MD" or "LY30410"), with Towa Pharmaceutical Co., Ltd. ("Towa") in Japan.

According to the Agreement, Luye Switzerland has granted Towa the exclusive right to develop and commercialize Rivastigmine MD in Japan. Towa will make an upfront payment to Luye Switzerland upon signing of the Agreement, and will make further milestone payments to Luye Switzerland upon achievement of certain development, regulatory and sales milestones in relation to Rivastigmine MD. Towa will also make royalty payments on the sales Rivastigmine MD to Luye Switzerland. In addition, Rivastigmine MD, as a new drug, is expected to enter into phase III clinical trials in Japan and Towa will bear all costs and expenses related to clinical studies and registration purposes in Japan.

The Board believes that, Towa, as a well-known pharmaceutical company with a professional team in Japan, will accelerate the research and development ("R&D") and commercialization of Rivastigmine MD to meet the clinical needs of patients in Japan.

ABOUT RIVASTIGMINE MD

Rivastigmine MD is the twice-weekly innovative patch formulation of rivastigmine developed by the Group, indicated for Alzheimer's Disease. It is a key product developed by the R&D platform for transdermal patch of the Group, targeted for the treatment of central nervous system diseases. Rivastigmine MD has a lower application frequency than the once-daily rivastigmine patches generally available in the market, enabling it to improve patients' medication adherence. This product and its formulation methods are protected globally under a number of patents. In May 2020, the Marketing Authorization Application within the European territory of this product (Rivalif®) has been accepted for review by competent authorities of the European Union. In September 2020, it has obtained the approval from the Centre for Drug Evaluation of the People's Republic of China ("China") to initiate clinical trials. In addition to European countries, China and Japan, the Group also plans to register this product in the U.S. and other countries. Furthermore, the Rivastigmine once-daily patch developed by the Group, which has a proven track record of product R&D and sales, has been marketed in the U.S., European countries, China and certain Asian countries.

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

Hong Kong, 18 February 2021

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