Business Overview

- **R&D centers** in China, US and EU with a robust pipeline of 40+ drug candidates in China and 10+ drug candidates overseas
- **Several new drugs and new formulations** in CNS and Oncology therapeutic areas are being studied in US and EU

- **6 manufacturing sites** in Yantai, Nanjing, Beijing and Luzhou of China, among which oral formulation workshop has passed Australia’s TGA GMP inspections, solid formulation workshop has passed EU GMP inspections, microsphere injection workshop has passed EU QP quality audit
- **1 manufacturing site** in Germany passed EU GMP, FDA GMP and Japan’s GMP inspections

- **7 key products** covering the 4 largest and fastest growing therapeutic areas — oncology, cardiovascular, metabolism and central nervous system
- **30+ products** covering 80+ countries and regions around the world, including large pharmaceutical markets - China, US, EU and Japan, as well as fast growing emerging markets

Focus on the 4 largest and fastest growing therapeutic areas — central nervous system, oncology, cardiovascular and metabolism

With global R&D, global manufacturing, and global market as its three strategic priorities, Luye Pharma is committed to providing customers with high-quality medicines and professional services.
1. Products
2. R & D
3. M & A
4. Financials

Outlook
PART I

Products

• Key Products’ Market Share
  • Proportionate key TAs
    • International Products
    • Products in China
## Key Products’ Market Share

### Oncology

<table>
<thead>
<tr>
<th>Products (Generic Name)</th>
<th>Indications</th>
<th>2018 Ranking¹</th>
<th>2018 Market Share (%)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lipusu (Paclitaxel liposome injection)</td>
<td>Ovarian cancer, cervical cancer, breast cancer and NSLC</td>
<td>1</td>
<td>39.9%²</td>
</tr>
<tr>
<td>CMNa (Sodium glycididazole injection)</td>
<td>Sensitiser in connection with radiotherapy for tumours</td>
<td>Exclusive</td>
<td>100.0%³</td>
</tr>
</tbody>
</table>

### Cardiovascular System

<table>
<thead>
<tr>
<th>Products (Generic Name)</th>
<th>Indications</th>
<th>2018 Ranking¹</th>
<th>2018 Market Share (%)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xuezhikang (Xuezhikang)</td>
<td>Hypercholesterolaemia</td>
<td>1</td>
<td>96.5%⁴</td>
</tr>
<tr>
<td>Maitongna (Sodium aescinate injection)</td>
<td>Treatment of cerebral edema and edema caused by trauma or venous reflux disorder</td>
<td>1</td>
<td>65.4%⁵</td>
</tr>
</tbody>
</table>

### Alimentary Tract & Metabolism

<table>
<thead>
<tr>
<th>Products (Generic Name)</th>
<th>Indications</th>
<th>2018 Ranking¹</th>
<th>2018 Market Share (%)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bei Xi (Acarbose capsules)</td>
<td>Adjunct to diet for lowering blood glucose in patients with diabetes</td>
<td>3</td>
<td>6.5%⁶</td>
</tr>
</tbody>
</table>

### Central Nervous System

<table>
<thead>
<tr>
<th>Products (Generic Name)</th>
<th>Indications</th>
<th>2018 Ranking¹</th>
<th>2018 Market Share (%)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seroquel and Seroquel XR</td>
<td>Schizophrenia and BPD</td>
<td>1</td>
<td>47.5%⁷</td>
</tr>
<tr>
<td>(Quetiapine fumarate immediate release and extended release tablets)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rivastigmine Patch</td>
<td>Mild to moderate dementia of the Alzheimer’s type and dementia due to Parkinson’s disease</td>
<td>2</td>
<td>18%⁸</td>
</tr>
</tbody>
</table>

### Notes:

1. According to IQVIA 2018 data
2. Paclitaxel (including Docetaxel) market in China, volume share is 19.5%
3. Cancer radio-sensitizer market in China
4. Red Yeast Rice Product market in China
5. Sodium aescinate product in China
6. Acarbose product in China
7. Quetiapine fumarate tablets in China
8. Rivastigmine Patch market in U.S. and Europe by volume
Proportionate key TAs and Regions

Revenue Breakdown by Therapeutic Area in 2018 2H

- Oncology: 43.9%
- CNS: 19.5%
- Metabolism: 14.2%
- Cardiovascular: 15.5%
- Others: 2.7%

Revenue Breakdown by Therapeutic Area in 2017

- Oncology: 49.1%
- CNS: 13.5%
- Metabolism: 16.9%
- Cardiovascular: 19.6%
- Others: 3.6%

Revenue Breakdown by Segment in 2018 2H

- China: 80.5%
- Overseas: 19.5%

Revenue Breakdown by Segment in 2017

- China: 86.5%
- Overseas: 13.5%
International Products and Market

- Seroquel IR and Seroquel XR
- Buprenorphine patch
- Fentanyl patch
- Rivastigmine patch
- Hypocol
- Lipascor

International Products:

- USA
- Europe
- Latin America
- Russia
- SAU
- China
- SEA
- JP & KOR
- Oceania

Passionate for Life

7
Growing Sales and Marketing Network in China

Centrally developed marketing and promotion strategies are executed nationwide by internal sales teams and 3rd-party promoters in China. Optimized organizational structure and marketing capability; Emphasized on retail and commercial areas. Xuezhikang relying on AstraZeneca’s marketing experience, mature sales team and commercial network, accelerate the entering of hospitals, improve ranking and expand retail channels.

Sales and Distribution Model

- Sales and promotion team consisted of over 1,300 in-house sales representatives and nationwide distribution network consisted of over 1,540 distributors
- Over 900 key opinion leaders
- Products sold to over 12,970 hospitals and other medical institutions across 30 provinces, municipalities and autonomous regions; oncology products sold to 1,300 hospitals (12.3% ↑)

<table>
<thead>
<tr>
<th>Hospital Class</th>
<th># of Hospitals Covered</th>
<th>% of Total Hospitals Covered in Respective Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class III (largest)</td>
<td>About 1,470</td>
<td>78.0%</td>
</tr>
<tr>
<td>Class II</td>
<td>About 3,700</td>
<td>53.0%(2% ↑)</td>
</tr>
<tr>
<td>Class I and other</td>
<td>About 7,800</td>
<td>46.0%(2% ↑)</td>
</tr>
</tbody>
</table>
Key Products in China

### Sales Value (Mil RMB)

<table>
<thead>
<tr>
<th>Product</th>
<th>Value (Mil RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lipusu</td>
<td>2168</td>
</tr>
<tr>
<td>Beixi</td>
<td>488</td>
</tr>
<tr>
<td>Xuezhikang</td>
<td>375</td>
</tr>
<tr>
<td>Maitongna</td>
<td>369</td>
</tr>
<tr>
<td>Seroquel</td>
<td>162 *Seroquel 2018 2H</td>
</tr>
<tr>
<td>CMNa</td>
<td>63</td>
</tr>
<tr>
<td>Sidinuo</td>
<td>66</td>
</tr>
<tr>
<td>Okai</td>
<td>29</td>
</tr>
</tbody>
</table>

### Growth Rate

<table>
<thead>
<tr>
<th>Product</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lipusu</td>
<td>28.8%</td>
</tr>
<tr>
<td>Beixi</td>
<td>28.8%</td>
</tr>
<tr>
<td>Xuezhikang</td>
<td>24.5%</td>
</tr>
<tr>
<td>Maitongna</td>
<td>17.9%</td>
</tr>
<tr>
<td>Seroquel</td>
<td>16.4%</td>
</tr>
<tr>
<td>CMNa</td>
<td>28.2%</td>
</tr>
<tr>
<td>Sidinuo</td>
<td>9.9%</td>
</tr>
<tr>
<td>Okai</td>
<td>174.5%</td>
</tr>
</tbody>
</table>

*Notes: According to Luye 2018 Financial Reports*
The Comparison with China Pharmaceutical Market

Source: IQVIA
**Academic Research of Marketed Products**

- **Lipusu**
  - Comparison of Lipusu combined with cisplatin and Gemcitabine combined with cisplatin in advanced squamous cell lung cancer as first line treatment
  - Real world study of Lipusu for advanced breast cancer
- **CMNa**
  - Real world study of CMNa as a radiotherapy sensitizer for 2000 nasopharyngeal carcinoma patients
- **Maitongna**
  - Large-scale prospective cohort study for postoperative delayed intestinal paralysis (PPOI) in patients undergoing abdominal open surgery
- **Okai**
  - A randomized controlled clinical study of detumescence in anorectal surgery
- **Xuezhikang**
  - Combination therapy of Xuezhikang and Ezetimibe can reduce LDL-C by 45%, 13% higher than monotherapy of Xuezhikang
Inclusion of Lipusu® as First-line Drug in 2019 CSCO Guidelines on Diagnosis and Treatment of Primary Lung Cancer

On April 27th 2019, Lipusu®, an innovative paclitaxel liposome formulation of the Group, has been included as a first-line drug in 2019 Chinese Society of Clinical Oncology (CSCO) Guidelines on Diagnosis and Treatment of Primary Lung Cancer. CSCO Guidelines are the most influential guidelines for the clinical diagnosis and treatment of cancer in China.

In respect of the treatment of phase IV non-gene drive non-squamous non-small cell lung cancer, the Guidelines have added in the recommendation of first-line treatment of paclitaxel liposome in combination with platinum, with the recommendation grading as Grade I. In respect of phase IV nongene drive squamous cell carcinoma, the Guidelines have added in the recommendation of first-line treatment of paclitaxel liposome in combination with platinum, with the recommendation grading as Grade I. The combination of paclitaxel liposome and platinum has also been included as the First-line Chemotherapy in the Treatment for Non-small Cell Lung Cancer.
PART II

R & D

- R&D Centers
  - Platforms and Technologies
  - R&D Pipelines
R&D Centers

- R&D centers in China, U.S. and Europe
- Over 550 R&D professionals, unique product offering enabled by increased R&D capability and efficiency through integration of global R&D system and resources
- As at 31 December 2018, the Group had been granted over 254 patents and had over 56 pending patent applications in the PRC, as well as over 444 patents and over 116 pending patent applications overseas

Key R&D Capabilities:

R&D Center in China:
- Transdermal Drug Delivery Technology

R&D Center in the U.S.:
- International R&D Collaboration
- Exploratory Study for Innovative Drugs
- Key R&D Capabilities:
  - Long-acting and Extended Release Technology
  - Liposome and Targeted Drug Delivery Technology
  - Biological Antibody Technology

R&D Center in Europe:
- Key R&D Capabilities:
  - Transdermal Drug Delivery Technology
Advisory Board

Robert Langer, PhD
David H. Koch Institute
Professor at the Massachusetts Institute of Technology (MIT).
Served as a member of the FDA’s SCIENCE Board from 1995 -- 2002.

Thomas H. Kissel, PhD
Professor and director of Philipps University of Marburg in the institute of Pharmaceutical Technology & Biopharmacy;
Former director of Controlled Release Society
Awards: Maurice-Marie Janot Award; Controlled Release Society Founders Award
The Innovator of Octreotide Microspheres
Expertise in Drug Transportation and Non-viral Gene Delivery System

Dr. Haifeng Lin
Stem cell scientific advisor, Eugene Higgins Professor of Cell Biology
Professor of Genetics and of Obstetrics, Gynecology, and Reproductive Sciences
Director, Yale Stem Cell Center, Yale University

Dr. Guangping Gao
Gene Therapy scientific advisor, Professor Department of Microbiology and Physiological Systems
Scientific Director UMMS-China Translational Research Initiatives, University of Massachusetts

Dr. Jianguang Li
Professor of School of Medicine at the Ohio State University
Expertise in pharmaceutical formulation and industrialization
Platforms and Technologies

Liposome and Targeted Drug Delivery
(>5 investigational products)
• Efficacy improvement of marketed drugs
• Toxicity reduction
• Site-specific targeting

Transdermal Drug Delivery System
(>8 investigational products)
• Constant and stable release of active ingredient to reduce side effects
• Drug release interrupted by removing the patch
• Patient compliance enhancement
• Applicable to various indications

Long-acting and Extended Release Technology
(>11 investigational products)
Microsphere and nano-particle technologies
• Customized drug release rate and period according to specific clinical needs
• Reduce frequency of drug intake
• Balanced drug release to improve efficacy and to reduce side effects

New Compounds
(>10 investigational products at the early R&D phase)
Discover and develop new compounds by improving existing pharmaceuticals. Main R&D programs including:
• Rapid simulation and follow-up
• Comparative research
• Deficiency reduction

Biological Antibody Technology
(Joint development with partners, with 3 investigational drugs under clinical trials stage)
• Integrated R&D and manufacturing capacity from DNA to biomedicine
• GMP standard pilot plant for antibodies
• Novel bispecific monoclonal antibody platform

CAR-T Immunotherapy
Revolutionize cancer treatment with a potential to cure
• Next generation CAR-T Immunotherapy therapeutics
• Opportunity to treat solid tumors
• Potentially improved efficacy
• Mitigate side-effects

Gene Therapy
Potential cure for genetics diseases
• Targeting gene specific rare diseases
• Precision gene editing
• Safety proved virus delivery technology
• No need of frequent administration

New Drug Delivery System

Innovation

Collaboration
As one of the first Chinese pharmaceutical companies conducting clinical trials in the global market, Luye Pharma has several investigational products in CNS and Oncology therapeutic areas under clinical trials in the U.S and Europe.

<table>
<thead>
<tr>
<th>Therapeutic Areas</th>
<th>Indications</th>
<th>Product No.</th>
<th>Progress</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNS</td>
<td>Parkinson’s disease</td>
<td>LY03003</td>
<td>PC IND Ph I Ph II NDA</td>
<td>USA, JAPAN(IND)</td>
</tr>
<tr>
<td></td>
<td>Schizophrenia and bipolar disorder</td>
<td>Rykindo (LY03004)</td>
<td>PC IND Ph I</td>
<td>USA, EU(Phase I)</td>
</tr>
<tr>
<td></td>
<td>Moderate to severe depression</td>
<td>LY03005</td>
<td>PC IND Ph II NDA</td>
<td>USA</td>
</tr>
<tr>
<td></td>
<td>Mild to moderate dementia</td>
<td>30410</td>
<td>PC IND Ph III NDA</td>
<td>EU</td>
</tr>
<tr>
<td></td>
<td>Schizophrenia</td>
<td>LY03010</td>
<td>PC IND</td>
<td>USA</td>
</tr>
<tr>
<td></td>
<td>Prostate cancer</td>
<td>LY01005</td>
<td>PC IND</td>
<td>USA</td>
</tr>
<tr>
<td>Oncology</td>
<td>Oncology Immune</td>
<td>LY01013</td>
<td>PC IND</td>
<td>USA</td>
</tr>
<tr>
<td></td>
<td>Hypercholesterolemia</td>
<td>LY02405</td>
<td>PC IND</td>
<td>USA</td>
</tr>
<tr>
<td>Cardiovascular</td>
<td>Osteoporosis</td>
<td>LY06006</td>
<td>PC IND</td>
<td>USA, EU</td>
</tr>
<tr>
<td>Orthopaedics</td>
<td>Female contraception</td>
<td>Apleek</td>
<td>PC IND</td>
<td>EU</td>
</tr>
<tr>
<td>Gynecology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**R&D Pipelines in Developed Countries**

- NDDS
- Small molecule innovative
- Antibody
- Others
R&D Pipelines in China

- R&D pipelines of 40 drug candidates in China, including 15 oncology drugs, 15 CNS drugs, 10 other drugs.

<table>
<thead>
<tr>
<th>Products / Generic Names</th>
<th>Indications</th>
<th>Clinical Trials</th>
</tr>
</thead>
<tbody>
<tr>
<td>LY01005</td>
<td>Prostate cancer, breast cancer</td>
<td>PC IND Ph I Ph II Ph III NDA</td>
</tr>
<tr>
<td>LY01007</td>
<td>Prostate cancer, endometriosis</td>
<td></td>
</tr>
<tr>
<td>LY01008</td>
<td>Colorectal cancer, NSCLC</td>
<td></td>
</tr>
<tr>
<td>LY01011</td>
<td>Myeloma and bone metastasis</td>
<td></td>
</tr>
<tr>
<td>LY01013</td>
<td>Tumor</td>
<td></td>
</tr>
<tr>
<td>LY01610</td>
<td>Rectal cancer, pancreatic cancer</td>
<td></td>
</tr>
<tr>
<td>LY03003</td>
<td>Parkinson's disease</td>
<td></td>
</tr>
<tr>
<td>Rykindo (LY03004)</td>
<td>Schizophrenia and bipolar disorder</td>
<td></td>
</tr>
<tr>
<td>LY03005</td>
<td>Moderate to severe depression</td>
<td></td>
</tr>
<tr>
<td>LY03010</td>
<td>Schizophrenia</td>
<td></td>
</tr>
<tr>
<td>LY03011</td>
<td>Mild to moderate dementia</td>
<td></td>
</tr>
<tr>
<td>LY021701</td>
<td>Severe pain</td>
<td></td>
</tr>
<tr>
<td>LY021702</td>
<td>Moderate to severe pain</td>
<td></td>
</tr>
<tr>
<td>LY03012</td>
<td>Chronic pain</td>
<td></td>
</tr>
<tr>
<td>LY03401</td>
<td>Parkinson's disease</td>
<td></td>
</tr>
<tr>
<td>LY09004</td>
<td>Age-related macular degeneration</td>
<td></td>
</tr>
<tr>
<td>LY02404</td>
<td>Hypercholesterolemia</td>
<td></td>
</tr>
<tr>
<td>LY06006</td>
<td>Osteoporosis</td>
<td></td>
</tr>
<tr>
<td>Apleek</td>
<td>Female contraception</td>
<td></td>
</tr>
</tbody>
</table>

*Launched in the U.S. and EU
*Launched in the EU market

[Image of R&D pipelines diagram]
U.S. FDA Accepted Rykindo® NDA Filing

On May 29th 2019, the United States Food and Drug Administration (FDA) has completed the filing review and has determined to accept the filing of a New Drug Application (NDA) for Rykindo® (LY03004), an Extended-Release Microspheres for Injection administered bi-weekly being developed by Luye Pharma, for the treatment of schizophrenia and bipolar I disorder, in accordance with 505(b)(2) of the Federal Food, Drug and Cosmetic Act and 21 CFR § 314.50.

To our knowledge, this is the first NDA acceptance of a new formulation drug to the FDA by a Chinese pharmaceutical company. The to-be-marketed dosage strengths of Rykindo® are 12.5 mg, 25 mg, 37.5 mg, and 50 mg of risperidone per vial. The FDA’s acceptance of the Group’s NDA application for Rykindo® is an important milestone, which brings the Group closer to obtaining its first market approval in the United States and offering another treatment option for patients in the U.S. with schizophrenia and bipolar I disorder.

The Company believes that Rykindo® as an injectable drug can improve medication compliance in patients with schizophrenia which is a common issue with oral antipsychotic drugs and would simplify treatment regimen since it needs to be injected only once every two weeks. Furthermore, Rykindo® has several advantages over the reference drug, for example, there is no need to administer an oral formulation during the three weeks after the first injection of Rykindo® compared to the reference drug. The steady plasma drug level can also be reached much faster with Rykindo® compared to the reference product.
Rykindo® can differentiate itself by providing simplicity and efficiency during treatment initiation and mitigating risk of prolonged side effects.

- No oral supplementation required during treatment initiation.
- Steady state concentrations are reached faster than comparators with the same active metabolite which would be beneficial to the stable treatment of patients.
- The concentration of Rykindo® decreases faster than comparators which would lower side effect risk.
PART III

M & A and Collaborations

- Luye Acquisition of Seroquel
  - Xuezhikang Collaboration with AZ
    - Collaboration with PharmaMar
Luye Acquisition of Seroquel

On June 28th 2018, Luye Pharma completed acquisition of Seroquel (quetiapine fumarate, immediate release, IR) and Seroquel XR (extended release formulation)- AstraZeneca UK Limited’s (AZ) CNS product marketed in 51 countries and regions.

The consideration of US$546 million is payable by Luye Hong Kong in four instalments and the first instalment is US$260 million. According to the sales data provided by the seller, the total revenue of the series of products from the above markets is US$148 million, half of which is contributed by Asia market.

The Transferred Assets include:

- The relevant patents, manufacturing know-how and formulation know-how of Seroquel and Seroquel XR
- The registration information of Seroquel and Seroquel XR in the above 51 countries and regions
- The advertising and promotional materials, medical materials, domain names or URLs of Seroquel and Seroquel XR in the above 51 countries and regions
- The relevant agreements, existing finished goods and inventory in the above markets
- The exclusive, grant a perpetual, sub-licensable royalty-free license include trademarks, knowhow, records and regulatory information
On January 15th 2019, Luye Pharma entered an agreement with AstraZeneca China, the terms of which grant AstraZeneca China exclusive rights to promote Xuezhikang Capsules in mainland China. This is the first time that a multinational pharmaceutical company has gained exclusive authorization in China to promote an innovative drug independently developed by a Chinese pharmaceutical company.

• According to the agreement, AstraZeneca will be responsible for the exclusive promotion of Xuezhikang Capsules in mainland China, while Luye Pharma will retain asset rights, commercial sales rights, the registration permit, all intellectual property rights and other product-related rights aside from product promotion.
• The authorized cooperation term will be 10 years.
• The parties agreed to discuss potential registration and commercialization opportunities of Xuezhikang Capsules in other markets around the world (including but not limited to the US, EU and other emerging markets)
Xuezhikang Collaboration with AZ

Accelerate XZK’s growth and market coverage

- Relying on AstraZeneca’s marketing experience, mature sales team and commercial network, strong execution capability as well as leading scale of sales channel and cross-department support, XZK will accelerate the access to county level hospitals and retail coverage. It is expected to become a leading medium-intensity lipid-lowering therapy, and its market share will be greatly enhanced.

Create synergy and Improve XZK’s profitability

- Through the cooperation, Luye can ensure the complementarity between both parties in sales, achieve wider coverage, reduce marketing and sales expenses, and increase sales to boost production, further reduce costs and optimize profit margin.

Speed up XZK’s Internationalization

- In addition, both parties are discussing the strategic cooperation of Xuezhikang in the US, Europe and some emerging markets and will use AstraZeneca’s advantages in the international market to promote Xuezhikang to more countries and regions. AstraZeneca will become a long-term partner of Luye in the process of Xuezhikang’s internationalization.
Luye Pharma and AstraZeneca Sign MOU to Promote the Internationalization of Xuezhikang

On March 24th 2019, Luye Pharma and AstraZeneca signed a Memorandum of Understanding (MOU) for intent to form a new strategic partnership jointly exploring opportunities for Xuezhikang Capsules in global markets other than China, further boosting the internationalization of Xuezhikang Capsules.

According to the MOU, Luye Pharma and AstraZeneca intend to further deepen their strategic partnership outside of China by leveraging mutual resources to jointly explore global opportunities for Xuezhikang Capsules.

Both parties will jointly contribute to the “The Belt and Road” initiative and “Healthy China” development initiatives.

By tapping into AstraZeneca’s unique resources in China and abroad, and Luye’s product advantages respectively, Xuezhikang Capsules are expected to reach more countries and regions globally, further boosting the internationalization effort for innovative domestic drug.
Collaboration with PharmaMar to Develop New Innovative Anticancer Drug Zepsyre® in China

On April 26th 2019, Luye Pharma and Pharma Mar S.A. entered into a license development and commercialization agreement with respect to a Phase III new innovative anticancer drug Zepsyre® (Lurbinectedin).

- Pursuant to the terms of the Agreement, Luye Pharma will have the exclusive rights to develop and commercialize Zepsyre® for Small Cell Lung Cancer and all other indications in China.
- Luye Pharma will also have the right to request the transfer of the technology with respect to manufacturing of Zepsyre® to Luye Pharma in China during the term of the Agreement.
- Lurbinectedin (PM1183) is a compound under clinical investigation. It is an inhibitor of RNA polymerase II. This enzyme is essential for the transcription process that is over-activated in tumors with transcription addiction.
- On 3 August 2018, PharmaMar announced that Lurbinectedin has been granted orphan drug designation from the U.S. FDA for the treatment of patients with Small Cell Lung Cancer.
On May 15th 2019, lurbinectedin second line small cell lung cancer abstract has been selected by ASCO to be included in the “Best of ASCO” meetings taking place this summer. American Society of Clinical Oncology (ASCO) is a professional organization representing physicians of all oncology subspecialties who care for people with cancer founded in 1964. The purpose of this organization is to increase the global access to cutting-edge science. ASCO has selected PharmaMar's abstract for an oral presentation on June 1st, where updated study data will be presented.

Clinical Trial Results:

• Lurbinectedin showed an Overall Response Rate (ORR) of 35.2% in the overall population and 46.6% and 21.3% in sensitive (CTFI≥90 days, this meaning those patients who have suffered a relapse of the disease in a period greater than or equal to 90 days) and resistant patients (CTFI<90 days, this meaning those patients who have suffered a relapse of the disease in a period of less than 90 days), respectively.

• The median Duration of Response (DOR) was 5.3 months in the overall population and 6.2 and 4.7 months, respectively, in sensitive and resistant patients.
PART IV

Financials
Robust Financial Performance

Revenue ($RMBm)

- 2017: 3,815
- 2018: 5,173
- Growth Rate: 35.6%

Gross Profit and Gross Profit Margin ($RMBm)

- 2017: 2,963
- 2018: 4,049
- Growth Rate: 36.6%

Profit attributed to shareholders ($RMBm)

- 2017: 29
- 2018: 1,417
- Growth Rate: 38.5%

EBITDA and EBITDA Margin ($RMBm)

- 2017: 1,417 (37.1%)
- 2018: 1,961 (37.9%)
- Growth Rate: 32.8%

Profit attributed to shareholders ($RMBm)

- 2017: 981 (25.7%)
- 2018: 1,303 (25.2%)
- Growth Rate: 32.8%
Performance Across Product Portfolios

Oncology (RMBm)

- 2017: 1,871
- 2018: 2,391
- Growth Rate: 27.8%

Cardiovascular System (RMBm)

- 2017: 644
- 2018: 787
- Growth Rate: 22.2%

Alimentary Tract & Metabolism (RMBm)

- 2017: 749
- 2018: 930
- Growth Rate: 24.2%

Central Nervous System (RMBm)

- 2017: 413
- 2018: 922
- Growth Rate: 123.5%

---

Passionate for Life
### Operating Efficiency

#### 2018 Operating Cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales to revenue</td>
<td>21.7%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Selling and distribution costs to revenue</td>
<td>32.6%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Administrative expenses to revenue</td>
<td>8.5%</td>
<td>11.3%</td>
</tr>
<tr>
<td>R&amp;D costs to revenue</td>
<td>9.5%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

#### Accounts Receivable Turnover Days continue improving

<table>
<thead>
<tr>
<th></th>
<th>2018 (Day)</th>
<th>2017 (Day)</th>
<th>2016 (Day)</th>
<th>2015 (Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>73</td>
<td>90</td>
<td>99</td>
<td>90</td>
</tr>
</tbody>
</table>

#### Inventory Turnover Days continue reducing

<table>
<thead>
<tr>
<th></th>
<th>2018 (Day)</th>
<th>2017 (Day)</th>
<th>2016 (Day)</th>
<th>2015 (Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>163</td>
<td>185</td>
<td>249</td>
<td>204</td>
</tr>
</tbody>
</table>

### 2016-2018 Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>2018 (RMBm)</th>
<th>2017 (RMBm)</th>
<th>2016 (RMBm)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5,173</td>
<td>3,815</td>
<td>2,918</td>
<td>33.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,961</td>
<td>1,497*</td>
<td>1,146</td>
<td>30.8%</td>
</tr>
<tr>
<td>Profit attributed to shareholders</td>
<td>1,303</td>
<td>1,061*</td>
<td>892</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

Notes: *2017 EBITDA and Profit attributed to shareholders are normalized.
Outlook
Four Strategies to Drive Future Growth

Global R&D
- Build up manufacturing sites in China with **global quality standards** in the short term.
- Build up overseas manufacturing sites with **global supply chain management system**, **overall planning of the production capacity** in the long term.
- Build up global manufacturing footprints and management capability and resources.

Global Market
- Strengthen marketing and branding for the Chinese market, set up a national network, expand to grassroots markets and increase market share.

Global Manufacturing
- Focus on **CNS**, **Oncology**, **Metabolism**, **Cardiovascular** in China.
- Focus on **CNS** and **Oncology** in the overseas markets.
- Focus on both new drugs innovation and formulations innovation, with biopharmaceutical and cutting-edge biological technologies as the priorities to expand R&D capabilities from identified drug target to innovative new target around the world.
- Gradually increase investment in R&D, with the goal of building up **differentiated innovation capability** in R&D.

M&A
- A series of M&As to be carried out in **China**, **US**, **EU**, and **Japan**.
- M&A deals focus on identifying products with great potential, to enrich the current R&D pipelines and enhance business operation capabilities.
- Strengthen the capabilities of **financing**, **M&A**, and **integration**.

To Become One of the Top 50 Global Pharmaceutical Companies by 2025
- Gradually increase investment in R&D, with the goal of building up differentiated innovation capability in R&D.
- Strengthen marketing and branding for the Chinese market, set up a national network, expand to grassroots markets and increase market share.
- Build up international marketing platforms with flexible market entry model.
- Invest in brand building, promote Luye Pharma’s image on global market through current product brand leverage.
Outlook —— International Commercial Partners
Outlook — Past Financial Performance

Revenue (RMBm)

- 2016: 2,918, 30.7%
- 2017: 3,815, 35.6%
- 2018: 5,173

EBITDA (RMBm)

- 2016: 1,146, 30.6%
- 2017: 1,497, 31.0%
- 2018: 1,961

Profit attributed to shareholders (RMBm)

- 2016: 892, 18.9%
- 2017: 1,061, 22.8%
- 2018: 1,303

Notes: *2017 EBITDA and Profit attributed to shareholders are normalized.
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