LUYE PHARMA GROUP LTD.
绿叶制药集团有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 02186)

ANNOUNCEMENT

APPROVAL FOR CLINICAL TRIAL FOR NEW CHEMICAL DRUG EVOGLIPTIN TARTRATE TABLETS

Luye Pharma Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") announces that the Group's product candidate, evogliptin tartrate tablets, which is expected to be approved as a Class 1.1 New Chemical Drug, has obtained the approval to commence phase I clinical trials from the China Food and Drug Administration (the "**CFDA**").

The approval for clinical trials for evogliptin tartrate tablets is expected to provide an impetus to the Group's development in the diabetes therapeutic area and to further enrich the Group's product portfolio in the future.

About evogliptin tartrate tablets

Evogliptin tartrate tablets is a dipeptidyl peptidase IV inhibitor, in tablet form. Evogliptin tartrate tablets is expected to be approved for the treatment of type 2 diabetes mellitus. The Group holds an exclusive intellectual property licence from Dong-A Pharmaceutical Co. Ltd. to develop and commercialise evogliptin tartrate tablets in China, including the exclusive right to develop evogliptin tartrate tablets for manufacturing and sale in the Group's name. The new drug certificate to be issued by the CFDA will be approved and registered under the Group's name.

Evogliptin is a patented new molecular entity in the United States and other international markets. Evogliptin tartrate tablets is being concurrently developed by Dong-A Pharmaceutical Co. Ltd. for the Korean market. Based on information released from a multi-centre, phase II, randomised, double-blind, placebo-controlled, therapeutic exploratory clinical trial conducted in Korea by Dong-A Pharmaceutical Co. Ltd. to investigate the efficacy and safety of evogliptin, evogliptin was proven to be effective in significantly lowering blood glucose levels in patients with type 2 diabetes. Data also show that the body weights of patients remain stable over the treatment period. In addition, evogliptin was proven to be safe and well tolerated with no severe adverse drug reactions observed during those phase II clinical trials. The Company believes evogliptin tartrate tablets will help reduce the burden of patients with moderate-to-severe renal impairment as pharmacokinetic study in animal model and healthy human volunteers showed low renal elimination.

According to the statistics of IMS Health Incorporated, the market size of products for the treatment of diabetes in China in 2013 was approximately RMB7.8 billion, and grew at a compound annual growth rate of 23.4% from 2011 to 2013.

The approval for clinical trials for evogliptin tartrate tablets does not represent that the Group undertakes that positive results will be obtained in future clinical research or that further research will be conducted. **Accordingly, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 21 July 2014

As at the date of this announcement, the executive directors 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.