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 TRIALS FOR NEW DRUG EXENATIDE EXTENDED-RELEASE MICROSPHERES FOR INJECTION IN CHINA

The board of directors (the "**Board**") of Luye Pharma Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that the Group's product candidate, Exenatide Extended-Release Microspheres for Injection (LY05006), has obtained the approval to initiate clinical trials from China Food and Drug Administration.

LY05006 is developed by the Group applying its microspheres injection technology, as a long-acting extended release microspheres for injection once-weekly formulation of exenatide, a glucagon-like peptide 1 agonist. It is a product candidate for the treatment of type 2 diabetes mellitus. Compared with the Exenatide Microspheres currently marketed abroad, LY05006 has a different manufacturing process, formulation and pharmacokinetics profile, and the Group expects LY05006 will provide earlier and longer lasting stable plasma concentration levels, and hence providing a more rapid control of the blood glucose in patients with type 2 diabetes mellitus.

The Group has filed a Patent Cooperation Treaty application ("**PCT**") for the pharmaceutical composition of its LY05006 and such PCT application has entered into the United States, Europe, Japan and certain other countries. In addition to China, the Company is also working on obtaining clinical trial approvals for LY05006 in the United States, Europe and Japan.

Bydureon, the once-weekly Exenatide Microspheres injection marketed overseas, which receives European Union approval in 2011 and US FDA approval in 2012, has not been launched in China yet. Its global sales were US$436 million for the first nine months of year 2016. According to IMS Health Incorporated, the market size for diabetes products in China in 2015 was approximately RMB19.6 billion, and grew at a compound annual growth rate of 11.6% from 2013 to 2015. Meanwhile, the market size for ordinary exenatide injection (administered twice daily) in China for the first nine months of year 2016 was RMB63 million, with a growth rate of 30.4% as compared to the same period in the prior year.

The Company believes that LY05006 has a good marketing potential and will 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.

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

Hong Kong, 17 November 2016

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; 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.