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山東羅欣藥業集團股份有限公司

**SHANDONG LUOXIN PHARMACEUTICAL GROUP STOCK CO., LTD.\***

*(a joint stock limited company established in the People's Republic of China with limited liability)*

**(Stock Code: 8058)**

**TERMINATION OF NEGOTIATION  
IN RELATION TO THE POTENTIAL COOPERATION WITH  
YUHAN CORPORATION**

This announcement is made by Shandong Luoxin Pharmaceutical Group Stock Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Reference is made to the Company’s announcement dated 28 July 2016 (the “**Announcement**”) in relation to a term sheet (the “**Term Sheet**”) entered into between the Group and Yuhan Corporation (“**Yuhan Corporation**”), a company listed on the Korea Exchange (KRX: 000100). Pursuant to the Term Sheet, the Group and Yuhan Corporation agreed to negotiate in good faith to enter into a definitive agreement with respect to the development of YH25448, a new drug for non-small cell lung cancer (the “**Potential Cooperation**”) before the expiration date of the Term Sheet. Despite the Group’s good faith and best efforts to conduct negotiation with Yuhan Corporation on entering into the definitive agreement, the Group and Yuhan Corporation were not able to enter into a definitive agreement before the expiration date to complete the transaction. After receiving Yuhan Corporation’s extension proposal to the Term Sheet, both of the Group and Yuhan Corporation had explored the possibility to extend the term of the Term Sheet. However, again despite the Group’s good faith and best efforts, the parties were unable to reach agreement on extending the term of the Term Sheet.

Given such circumstances and a recent announcement published by Yuhan Corporation on the Korea Exchange that it has terminated this Potential Cooperation, the Group will stop making efforts to extend the Term Sheet or pursuing this Potential Cooperation.

The board (the “**Board**”) of the Company noticed that Yuhan Corporation wrongly blamed the failure of the Potential Cooperation was due to the Group’s failure to perform its obligations under the Term Sheet. The Company would like to clarify that the Group has

\* *For identification purpose only*

performed all of its obligations under the Term Sheet and has made further efforts (though not obligated) to extend the Term Sheet after its expiration. The Group reserves all rights to seek legal remedies against Yuhan Corporation in relation to all damages that the Group may suffer due to Yuhan Corporation's act or omission with respect to this Potential Cooperation.

The Board considers that the decision to terminate the negotiation of the Potential Cooperation will not have a material adverse effect on the business, operations or financial position of the Group.

By order of the Board  
**Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.\***  
**Liu Baoqi**  
*Chairman*

PRC, 29 December 2016

*As at the date of this announcement, the Board comprises 10 Directors, of which Mr. Liu Baoqi (劉保起), Ms. Li Minghua (李明華), Mr. Han Fengsheng (韓風生), Mr. Chen Yu (陳雨) and Mr. Liu Zhenteng (劉振騰) are executive Directors; Mr. Liu Zhenhai (劉振海) is a non-executive Director; Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征), Prof. Du Guanhua (杜冠華) and Ms. Huang Huiwen (黃慧文) are independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of publication and on the Company's designated website at: <http://shandongluoxin.quamir.com>.*