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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)

**ANNOUNCEMENT BY OFFEREE PURSUANT TO TAKEOVERS CODE
APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Reference is made to the joint announcement (the “**Joint Announcement**”) dated 13 March 2017 in relation to, among others, the voluntary conditional offer by Somerley Capital on behalf of the Joint Offerors for all the issued H Shares (other than those already owned, controlled or agreed to be acquired by the Joint Offerors and parties acting in concert with any of them who have undertaken not to accept the Offer). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcement.

The Company is pleased to announce that, pursuant to Rule 2.1 of the Takeovers Code, KGI Capital Asia Limited (“**KGI Capital**”) (a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) has been appointed as the independent financial adviser to the Independent Committee as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptances and whether the Delisting is, or is not fair and reasonable and as to voting.

* For identification purpose only

The appointment of KGI Capital has been approved by the Independent Committee. The advice of KGI Capital in respect of the Offer and the Delisting will be included in the Composite Document to be jointly issued by or on behalf of the Joint Offerors and the Company in accordance with the Takeovers Code.

By order of the Board
Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.*
Han Fengsheng
Executive Director

PRC, 17 March 2017

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at 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>.