



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)



GL Capital Group
德福資本

**GL INSTRUMENT
INVESTMENT L.P.**

*(a limited partnership registered in
Canada)*

**GIANT STAR GLOBAL
(HK) LIMITED**

*(a company incorporated in Hong Kong
with limited liability)*



Ally Bridge Group

**ALLY BRIDGE FLAGSHIP
LX (HK) LIMITED**

*(a company incorporated in Hong Kong
with limited liability)*

12 June 2017

To the H Shareholders

Dear Sirs,

**VOLUNTARY CONDITIONAL OFFER BY SOMERLEY CAPITAL LIMITED
ON BEHALF OF GIANT STAR GLOBAL (HK) LIMITED
(TO BE CO-INVESTED BY ENTITIES CONTROLLED BY MR. LIU ZHENTENG AND
GL CAPITAL RESPECTIVELY)
AND ALLY BRIDGE FLAGSHIP
FOR ALL THE ISSUED H SHARES IN
SHANDONG LUOXIN PHARMACEUTICAL GROUP STOCK CO., LTD.
(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)**

**PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF
SHANDONG LUOXIN PHARMACEUTICAL GROUP STOCK CO., LTD.**

Financial Adviser to the Joint Offerors



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the
Independent Committee



凱基金融亞洲
KGI CAPITAL ASIA

中華開發金控
CHINA DEVELOPMENT FINANCIAL

Financier to Ally Bridge Flagship



新鴻基金融集團
SUN HUNG KAI FINANCIAL

* *for identification purposes only*

INTRODUCTION

References are made to (i) the announcement jointly issued by the Joint Offerors, GL Instrument and the Company 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); (ii) the composite offer and response document (the “**Composite Document**”) dated 11 April 2017; (iii) the Company’s notice of the EGM dated 11 April 2017 (the “**Notice of EGM**”); (iv) the Company’s notice of the H Share Class Meeting dated 11 April 2017 (the “**Notice of H Share Class Meeting**”); and (v) the announcement (the “**Poll Results Announcement**”) jointly issued by the Joint Offerors, GL Instrument and the Company dated 29 May 2017 in relation to the poll results of the EGM and the H Share Class Meeting, as well as the Offer being declared unconditional in all respects. Unless otherwise defined herein, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

Unless otherwise indicated, all references to time contained herein refer to Hong Kong time.

POLL RESULTS OF THE EGM AND THE H SHARE CLASS MEETING

A published version of the Poll Results Announcement is enclosed for your reference. As disclosed in the Poll Results Announcement, the resolution set out in the Notice of EGM and the resolution set out in the Notice of H Share Class Meeting were duly passed at the EGM and the H Share Class Meeting respectively, by way of poll held on 29 May 2017.

OFFER HAS BECOME UNCONDITIONAL IN ALL RESPECTS

As stated in the Poll Results Announcement, as all of the conditions of the Offer have now been fulfilled or waived, the Offer has become unconditional in all respects on 29 May 2017.

SUBSEQUENT OFFER PERIOD

In accordance with Rule 15.3 of the Takeovers Code, where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. As set out in the Composite Document, the Joint Offerors will extend the 14-day period under Rule 15.3 of the Takeovers Code to 28 calendar days. **As such, H Shareholders are reminded that the Offer will remain open for acceptance until 4:00 p.m. on Monday, 26 June 2017 (unless it is extended in accordance with the terms and conditions of the Offer and the Takeovers Code).** If the Offer is extended, further announcement will be made to that effect.

H Shareholders should refer to the Composite Document and the Form of Acceptance for details of the acceptance procedures if they wish to accept the Offer.

WITHDRAWAL OF LISTING AND LAST DAY OF TRADING OF THE H SHARES ON THE STOCK EXCHANGE

The Company had applied to the Stock Exchange, and the Stock Exchange had approved the Company's application, for the withdrawal of the listing of the H Shares from the Stock Exchange with effect from 9:00 a.m. on Friday, 16 June 2017, subject to the Offer becoming unconditional, which took place on 29 May 2017.

The last day of trading in the H Shares on the Stock Exchange was Monday, 5 June 2017. Trading in the H Shares has been suspended with effect from 9:00 a.m. on Tuesday, 6 June 2017, up to the withdrawal of listing of the H Shares from the Stock Exchange and the H Shares will be delisted from the Stock Exchange from 9:00 a.m. on Friday, 16 June 2017.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Offer which is indicative only and further announcement(s) will be made in the event of any changes to the timetable.

| | |
|---|---|
| Withdrawal of the listing of the H Shares from the Stock Exchange | 9:00 a.m. on Friday, 16 June 2017 |
| Latest time and date for the Offer remaining open for acceptance on Closing Date (<i>Note 1</i>) | 4:00 p.m. on Monday, 26 June 2017 |
| Closing Date..... | Monday, 26 June 2017 |
| Announcement of the results of the Offer as at the Closing Date on the website of the Stock Exchange | by 7:00 p.m. on Monday, 26 June 2017 |
| Latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances received at or before the latest time for acceptances of the Offer on the Closing Date (<i>Note 2</i>)..... | Wednesday, 5 July 2017 |

Notes:

- (1) The Joint Offerors reserve the right to extend the Offer until such time and/or date as it may determine and in accordance with the Takeovers Code. The Joint Offerors will issue an announcement, stating whether the Offer has been revised or extended.
- (2) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the Offer will be made within 7 Business Days of the date on which the H Shares are tendered for acceptance of the Offer. Relevant documents of title must be received by the Registrar to render each acceptance of the Offer complete and valid. For this purpose, Business Days refer to the days on which the Stock Exchange is open for transaction of business.

NO RIGHT OF COMPULSORY ACQUISITION

The Joint Offerors have no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the Offer. Accordingly, the H Shareholders are reminded that if they do not accept the Offer and the H Shares are delisted from the Stock Exchange, this will result in the H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the GEM Listing Rules and may or may not continue to be subject to the Takeovers Code after completion of the Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.

IMPORTANT NOTICE TO NOMINEES

If you act as a nominee for other persons who are the beneficial shareholders of the H Shares, please inform the relevant beneficial owners of the terms of the Offer and the implications of not accepting the Offer as set out above.

By order of the board of directors of
Giant Star Global (HK) Limited
Liu Zhenteng
Director

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

By order of the board of directors of
Ally Bridge Flagship LX (HK) Limited
Pang Andrew Chee On
Director

By order of the board of directors of
GL Capital Management GP II B.C. 4 Ltd.
as the general partner of
GL Instrument Investment L.P.
Li Zhenfu
Director

As at the date of this letter, the sole director of Giant Star HK is Mr. Liu Zhenteng.

The sole director of Giant Star HK accepts full responsibility for the accuracy of the information (other than that relating to the Group, GL Capital, and Ally Bridge Group) contained in this letter and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this letter (other than that expressed by the Directors, or the directors or general partners of GL Capital or Ally Bridge Group) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the date of this letter, the general partner of GL Instrument Investment L.P. is GL Capital Management GP II B.C. 4 Ltd. and the sole director of GL Capital Management GP II B.C. 4 Ltd. is Mr. Li Zhenfu.

The sole director of GL Capital Management GP II B.C. 4 Ltd. accepts full responsibility for the accuracy of the information in connection with GL Capital contained in this letter and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this letter by the director or general partner of GL Capital have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the date of this letter, the sole director of Ally Bridge Flagship is Mr. Pang Andrew Chee On.

The sole director of Ally Bridge Flagship accepts full responsibility for the accuracy of the information in connection with Ally Bridge Group contained in this letter and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this letter by the directors or general partners of Ally Bridge Group have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

As at the date of this letter, 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; and 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 in connection with the Group contained in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

** for identification purposes only*