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SHANDONG LUOXIN PHARMACY STOCK CO., LTD*

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

(Stock code: 8058)

PROPOSED CHANGE OF AUDITORS

The Board announces that HLB Hodgson Impey Cheng will retire as the auditors of the Company with effect from the conclusion of the AGM and the Board proposes to appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company, subject to the approval of the Shareholders at the AGM.

The board of directors (the “**Board**”) of Shandong Luoxin Pharmacy Stock Co., Ltd.* (the “**Company**”) announces that HLB Hodgson Impey Cheng will retire as auditors of the Company with effect from the conclusion of the forthcoming annual general meeting of the Company to be held on 15 May 2012 (the “**AGM**”).

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Board considers that it is in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole if the auditors can continue to serve the Company. Therefore, an ordinary resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for 2012 is to be proposed at the AGM.

HLB Hodgson Impey Cheng has confirmed that there are no matters in connection with its retirement that need to be brought to the attention of the Shareholders. The Board also confirms that there are no circumstances in respect of the proposed change of auditors that need to be brought to the attention of the Shareholders.

For and on behalf of
Shandong Luoxin Pharmacy Stock Co., Ltd.*
Liu Baoqi
Chairman

PRC, 23 March 2012

* *For identification purposes only*

As at the date of this announcement, the Board comprises 10 directors, of which Mr. Liu Baoqi (劉保起), Mr. Liu Zhenhai (劉振海), Ms. Li Minghua (李明華), Mr. Han Fengsheng (韓風生) and Mr. Chen Yu (陳雨) are executive directors, Mr. Yin Chuangui (尹傳貴) and Mr. Liu Yuxin (劉玉欣) are non-executive directors and Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征) and Ms. Li Hongjian (李宏建) are independent non-executive directors.

This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange 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 appear and remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at: <http://shandongluoxin.quamir.com>