

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the accompanying reply slips and forms of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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)

**(1) PROPOSED DECLARATION OF FINAL DIVIDEND
(2) PROPOSED RE-ELECTION AND APPOINTMENT OF
DIRECTORS AND SUPERVISORS
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the AGM, to be held at Conference Room, Level 3, Administrative Centre, Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, PRC on Wednesday, 22 June 2016 at 10:00 a.m. is set out on pages 18 to 20 of this circular.

Whether or not you are able to attend the meeting, you are reminded to complete the proxy form enclosed with this circular, in accordance with the instructions printed thereon and send the relevant proxy form to the registered office of the Company at Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, PRC (for holders of Domestic Shares), or to the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as practicable and in any event not later than 24 hours before the time holding of the AGM. Completion and return of the relevant proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

Reply slip for the AGM is also enclosed. You are reminded to complete and sign the reply slip (if you are entitled to attend the meeting) and return the signed slip to the Company's registered office on or before Thursday, 2 June 2016 in accordance with the instructions printed thereon.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at <http://www.shandongluoxin.quamir.com>.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

The following words and phrases used in this circular have the same meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held on Wednesday, 22 June 2016 at 10:00 a.m. at Conference Room, Level 3, Administrative Centre, Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, the PRC
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.* (山東羅欣藥業集團股份有限公司), a joint stock limited liability company established in PRC, the H Shares of which are listed on GEM
“controlling shareholders”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company
“Existing Service Contract(s)”	the existing service contract(s) entered into between the Company and each of the Directors and the Supervisors for their respective term of service
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong Dollar
“Hong Kong”	the Hong Kong Special Administrative Region of PRC

DEFINITIONS

“Latest Practicable Date”	3 May 2016, being the latest practicable date prior to the printing of this circular to ascertain certain information herein contained
“New Service Contract(s)”	the new service contract(s) to be entered into between the Company and each of the Directors and Supervisors to replace the Existing Service Contract(s) for new service term of three years commencing on 1 July 2016 and ending on 30 June 2019
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Appointment and Re-election”	<ol style="list-style-type: none">a. the proposed re-election of<ol style="list-style-type: none">i. 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) as executive Directors;ii. Mr. Liu Zhenhai (劉振海) as a non-executive Director;iii. Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征) and Prof. Du Guanhua (杜冠華) as independent non-executive Directors;b. the proposed appointment of Ms. Huang Huiwen (黃慧文) as an independent non-executive Director; andc. the proposed re-election of Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) as Supervisors
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holders of the Domestic Share(s) and the H Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Baoqi
Ms. Li Minghua
Mr. Han Fengsheng
Mr. Chen Yu
Mr. Liu Zhenteng

Registered Office:

Luoqi Road
Linyi High and New Technology
Industries Development Zone
Shandong Province, PRC

Non-executive Directors:

Mr. Yin Chuangui
Mr. Liu Zhenhai

Principal Place of Business in

Hong Kong:

Unit 10, 11/F, Tower B, Southmark
11 Yip Hing Street, Wong Chuk Hang
Hong Kong

Independent Non-executive Directors:

Mr. Foo Tin Chung, Victor
Mr. Fu Hongzheng
Prof. Du Guanhua
Prof. Chen Yun Zhen

6 May 2016

To the Shareholders

Dear Sirs/Madams,

**(1) PROPOSED DECLARATION OF FINAL DIVIDEND
(2) PROPOSED APPOINTMENT AND RE-ELECTION OF
DIRECTORS AND SUPERVISORS
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

The purpose of this circular is to provide you with further details of (i) the proposed declaration of final dividend; and (ii) the Proposed Appointment and Re-election, and to give you notice convening the AGM. This circular contains all information necessary to allow the Shareholders to make a properly informed decision.

* *For identification purpose only*

LETTER FROM THE BOARD

THE PROPOSED DECLARATION OF FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.35 per share in respect of the year ended 31 December 2015. Subject to the approval of shareholders at the AGM, the dividend cum-date and ex-date will be 23 June 2016 and 24 June 2016 respectively. The registers of members of the Company for entitlement of dividend will be closed from 28 June 2016 to 4 July 2016 (both days inclusive). All properly completed H-Shares transfer forms accompanied by the relevant share certificates must be lodged with the Registrar of H-Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 27 June 2016, for registration.

The expected date of dividend distribution would be in the mid of August 2016 and with the expected exchange rate of RMB and HKD at 0.83.

Non-resident Corporate Shareholders

Pursuant to the Law on Corporate Income Tax of the PRC and the relevant implementing regulations, which came into force on 1 January 2008, the Group is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident corporate shareholders whose names appear on the H-Share register of members on 4 July 2016. The Group will distribute the final dividend to such non-resident corporate shareholders after withholding a 10% income tax.

Non-resident Individual Shareholders

Pursuant to the regulation promulgated by the State General Administration of Taxation of the PRC (Guo Shui Han [2011] No. 348), the Group is required to withhold and pay the non-resident individual income tax for the non-resident individual H shareholders and the non-resident individual H shareholders are entitled to certain tax preferential treatments according to the double tax treaties between those countries where the non-resident individual H shareholders are residents and China and the provisions in respect of double tax treaties between mainland China and Hong Kong or Macau. The Group would withhold and pay the individual income tax at a rate of 10% on behalf of the non-resident individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries having double tax treaties with China for personal income tax rates of 10% in respect of dividends. For non-resident individual H shareholders who are residents of those countries having agreements with China for personal income tax rates of lower than 10% in respect of dividends, the Group would make applications on their behalf to seek entitlement to the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For non-resident individual H shareholders who are residents of those countries having double tax treaties with China for personal income tax rates in respect of dividends of higher than 10% but lower than 20%, the Group would withhold the individual income tax at the agreed-upon effective tax rate. For non-resident individual H shareholders who are residents of those countries without any double tax treaties with China or having

LETTER FROM THE BOARD

double tax treaties with China for personal income tax in respect of dividends of 20% and other situations, the Group would withhold the individual income tax at a tax rate of 20%.

The Group will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Group (the “**Registered Address**”) on 4 July 2016 and will withhold and pay the individual income tax based on the register of members of the Group as at 4 July 2016. If the country of domicile of the individual H shareholder is not the same as the Registered Address, the individual H shareholder shall notify the Group’s H-share registrar and provide relevant supporting documents to the Group’s H-share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 27 June 2016, for registration. If the individual H shareholders do not provide the relevant supporting documents to the share registrar of the Group’s H-Shares within the time period stated above, the Group will determine the country of domicile of the individual H shareholders based on the recorded Registered Address on 4 July 2016.

The Group will strictly comply with the relevant PRC tax laws and regulations to withhold for payment such appropriate income tax and the final dividend will only be payable to the shareholders whose names appear on the Group’s H-share register of members on 4 July 2016.

THE PROPOSED APPOINTMENT AND RE-ELECTION

As at the Latest Practicable Date, the Board comprises eleven 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. Yin Chuangui (尹傳貴) and Mr. Liu Zhenhai (劉振海) are non-executive Directors and Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征), Prof. Chen Yun Zhen (陳允震) and Prof. Du Guanhua (杜冠華) are independent non-executive Directors.

The Supervisory Committee comprises four Supervisors, namely Mr. Sun Song (孫松), Mr. Wang Jian (王健), Ms. Song Liang Wei (宋良偉) and Mr. Liu Zhenfei (劉振飛).

As disclosed in the Announcement, the Board proposes to seek the approval by the Shareholders at the AGM on

- (a) the proposed re-election of
 - i. 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) as executive Directors;
 - ii. Mr. Liu Zhenhai (劉振海) as a non-executive Director;
 - iii. Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征) and Prof. Du Guanhua (杜冠華) as independent non-executive Directors;

LETTER FROM THE BOARD

- (b) the proposed appointment of Ms. Huang Huiwen (黃慧文) as an independent non-executive Director; and
- (c) the proposed re-election of Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) as Supervisors.

Proposed re-election of Directors

According to the Articles of Association and the respective Shareholders' resolutions approving their appointments, the respective appointments of Mr. Liu Baoqi (劉保起), Ms. Li Minghua (李明華), Mr. Han Fengsheng (韓風生), Mr. Chen Yu (陳雨), Mr. Liu Zhenteng (劉振騰), Mr. Liu Zhenhai (劉振海), Mr. Yin Chuangui (尹傳貴), Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征), Prof. Du Guanhua (杜冠華) and Prof. Chen Yun Zhen (陳允震) as the Directors for term of service commencing on 1 July 2013 under the Existing Service Contracts will expire on 30 June 2016. Save and except for Mr. Yin and Pro. Chen who will retire and will not stand for re-election as Directors, Mr. Liu Baoqi (劉保起), Ms. Li Minghua (李明華), Mr. Han Fengsheng (韓風生), Mr. Chen Yu (陳雨), Mr. Liu Zhenteng (劉振騰), Mr. Liu Zhenhai (劉振海), Mr. Foo Tin Chung, Victor (傅天忠), Mr. Fu Hongzheng (付宏征) and Prof. Du Guanhua (杜冠華) will retire and offer themselves for re-election for term of three years service commencing on 1 July 2016 under the New Service Contracts.

Details of each of the Directors who is proposed to be re-elected are set out in the Appendix to this circular.

Ordinary resolutions will also be proposed at the AGM to re-elect Mr. Liu Baoqi (劉保起), Ms. Li Minghua (李明華), Mr. Han Fengsheng (韓風生), Mr. Chen Yu (陳雨), Mr. Liu Zhenteng (劉振騰), as executive Directors; to re-elect Mr. Liu Zhenhai (劉振海) as a non-executive Director and to re-elect Mr. Foo Tin Chung, Victor (傅天忠) Mr. Fu Hongzheng (付宏征) and Prof. Du Guanhua (杜冠華) as independent non-executive Directors respectively for term of service of three years effective on 1 July 2016.

Retirement of Directors

Mr. Yin Chuangui (尹傳貴), a non-executive Director, will retire and will not offer himself for re-election.

Mr. Yin was the authorized representative of Linyi City People's Hospital, a previous promoter of the Company, which has sold its entire Shares in the Company in October 2007. Mr. Yin has retired from his position with Linyi City People's Hospital in 2015. As Linyi City People's Hospital is no longer the Shareholder of the Company and Mr. Yin has retired from his position with Linyi City People's Hospital, Mr. Yin will not offer himself for re-election after his term of service ends on 30 June 2016.

Mr. Yin confirmed that he has no disagreement with the Board and the Company.

LETTER FROM THE BOARD

Prof. Chen Yun Zhen (陳允震), an independent non-executive Director, will retire and will not offer himself for re-election.

Prof. Chen has to fulfill his medical professional commitments and will retire as an independent non-executive Director after the end of his term of service on 30 June 2016. Prof. Chen will also retire as members of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Prof. Chen confirmed that he has no disagreement with the Board and the Company.

Proposed appointment of Ms. Huang Huiwen (黃慧文) as an independent non-executive Director

The Board proposed to seek the approval by the Shareholders at the AGM on the appointment of Ms. Huang Huiwen (黃慧文) as an independent non-executive Director for term of service of three years commencing on 1 July 2016. Subject to shareholders approval, Ms. Huang will also be appointed as member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

In respect of independent non-executive Director, pursuant to the requirements of the code provision A.5.5 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, the Board is of the view that Ms. Huang will make contributions to the Group in promoting the Board diversity and she will provide to the Company the confirmations of independence pursuant to Rule 5.09 of the GEM Listing Rules. Details of Ms. Huang are set out in the Appendix to this circular.

The above proposed appointments and re-elections of Directors have been review by Nomination Committee.

Subject to the Shareholders' approval of the Proposed Appointment and Re-election at the AGM, the Board will comprise of ten 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, effective on 1 July 2016.

Subject to the Shareholders' Proposed Appointment and Re-election at the AGM, the Audit Committee, Remuneration Committee and Nomination Committee of the Company will comprise 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) as members of these committees.

LETTER FROM THE BOARD

Proposed re-election of Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) as Supervisors

The Supervisory Committee of the Company comprises four Supervisors. The current supervisor Mr. Sun Song (孫松) will resign on 1 July 2016. Ms. Song Lili (宋麗麗) and Ms. Song Liang Wei (宋良偉) are nominated by the staff union of the Company, no Shareholders' approval for election of Ms. Song Lili (宋麗麗) and re-election of Ms. Song Liang Wei (宋良偉) are required at the AGM.

The Board also proposed to seek the approval by the Shareholders at the AGM on the re-election of Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) as Supervisors for the term of service of three years commencing on 1 July 2016. Further information of Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) is disclosed in the Appendix to this circular.

Ordinary resolution will be proposed at the AGM to re-elect Mr. Wang Jian (王健) and Mr. Liu Zhenfei (劉振飛) as Supervisors for term of service of three years effective on 1 July 2016.

Subject to the Shareholders' approval of the Proposed Appointment and Re-election at the AGM, the Supervisory Committee will comprise four Supervisors, namely Mr. Wang Jian (王健), Mr. Liu Zhenfei (劉振飛), Ms. Song Liang Wei (宋良偉) and Ms. Song Lili (宋麗麗), effective on 1 July 2016.

THE AGM

The AGM will be held for the purpose of passing the ordinary resolutions as stipulated under the notice of the AGM in this circular.

The notice of the AGM is set out on pages 18 to 20 of this circular. Voting at the AGM shall be taken on a poll.

The proxy form for use at the AGM is enclosed with this circular. Whether or not you are able to attend (if you are so entitled to) the meeting, you are requested to complete the proxy forms in accordance with the instructions printed thereon and return them as soon as possible to the Company's principal place of business in the PRC (for holders of Domestic Shares), or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding the relevant meetings.

Reply slip for the purpose of informing the Company whether you will be attending (in person or by proxy) each of the AGM is also enclosed. You are reminded to complete and sign the reply slip (if you are entitled to attend the relevant meeting) and return the signed slip to the Company's principal place of business in the PRC on or before Thursday, 2 June 2016 in accordance with the instructions printed thereon.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the proposed declaration of final dividend, Proposed Appointment and Re-election and the resolutions as stipulated under the notice of the AGM are in the interest of the Company. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the AGM.

RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 circular 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 circular misleading.

Yours faithfully,

For and on behalf of

Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.*

Liu Baoqi

Chairman

* *For identification purpose only*

EXECUTIVE DIRECTORS

Mr. Liu Baoqi (劉保起), aged 54, is an executive Director and the chairman of the Company. He is responsible for the strategic planning and overall management of the Company. Mr. Liu completed his tertiary course in Economics and Management from the School of Shandong Provincial Communist Party (中共山東省委黨校) in 1996. Mr. Liu obtained the qualification of pharmacist. He has about 20 years of experience in the medical and pharmaceutical industry in the PRC. Mr. Liu joined Shandong Luoxin Factory (the predecessor of the Company) in 1995. Before joining Shandong Luoxin Factory, Mr. Liu worked for Linyi Luozhuang Pharmacy Company* (臨沂羅莊製藥公司) (“**Linyi Luozhuang**”, now known as Luoxin Pharmaceutical Group Co., Ltd.* 羅欣醫藥集團有限公司 (“**Luoxin Pharmaceutical Group**”)) from 1988 to 1995. Mr. Liu was named as the Outstanding Young Entrepreneur in Linyi City (臨沂市優秀青年企業家) and one of the Ten Outstanding Young Persons in Linyi City (臨沂市十大傑出青年) in May and October 1996 respectively. Mr. Liu is also a delegate of Shandong Province and the Linyi City People’s Congress. Mr. Liu is currently the chairman of the board of director of Shandong Luoxin Holding Company Limited* (山東羅欣控股有限公司) (“**Luoxin Holding**”), Luoxin Pharmaceutical Group, Shandong Luosheng Pharmacy Company Limited* (山東羅盛醫藥有限公司) and Shandong Mingxin Pharmacy Company Limited* (山東明欣醫藥有限公司). Mr. Liu is interested in 51.73% of the registered share capital of Luoxin Holding. Mr. Liu is the uncle of Mr. Liu Zhenhai, and the father of Mr. Liu Zhenteng and Mr. Liu Zhenfei.

Mr. Liu Baoqi has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB456,000 per annum. As of the Latest Practical Date, Mr. Liu Baoqi is interested in 51.73% of the registered capital of Luoxin Holding which in turn holds 325,639,949 Domestic Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Liu Baoqi that needs to be brought to the attention of the Shareholders.

Ms. Li Minghua (李明華), aged 50, is an executive Director, the general manager and the chief executive officer of the Company. She is responsible for assisting the chairman of the Company in the Company’s overall business development and operation. She graduated from Shenyang Pharmacy University (瀋陽藥科大學) with a bachelor’s degree in Pharmacy. Ms. Li is a senior professional engineer in medicine in the PRC certified by Hei Long Jiang Human Resource Department (黑龍江人事廳) and a registered practising pharmacist. Before joining the Company in 2001, Ms. Li had over 15 years’ experience working in several pharmaceutical enterprises in the PRC. Ms. Li was granted the Qi Lu Female Inventor award (齊魯巾幗發明家) in 2010. She was accredited as Outstanding Engineer of Shandong Province (山東省優秀工程師) in 2011 and was granted the

Adultescent Professional with Outstanding Contribution of Shandong Province (山東省有突出貢獻的中青年專家). She is a delegate of the Fei County People's Congress. Ms. Li is currently the chairman of Shandong Luoxin Pharmaceutical Group Hengxin Pharmaceutical Company Limited* (山東羅欣藥業集團恒欣藥業有限公司).

Ms. Li has not held any directorship in any other listed companies in the last three years. She has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013 subject to the retirement and re-election requirements of the Articles of Association. She will retire and offer herself for re-election at the EGM for a term of three years commencing on 1 July 2016. Her emoluments, which are determined on the basis of prevailing market conditions, her roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB125,000 per annum. Ms. Li does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Ms. Li is interested in 14.9% of the registered capital of Luoxin Holding which in turn holds 325,639,949 Domestic Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Ms. Li that needs to be brought to the attention of the Shareholders.

Mr. Han Fengsheng (韓風生), aged 40, is an executive Director and the secretary of the Board. Mr. Han graduated from the Dalian University (大連大學) majoring in Computer Science. Before joining the Company in November 2001, Mr. Han had over 5 years' experience working in the information technology department of Linyi Luozhuang (now known as Luoxin Pharmaceutical Group). Mr. Han is a member of the Chinese People's Political Consultative Conference of Luo Zhuang District.

Mr. Han has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB82,000 per annum. As of the Latest Practical Date, Mr. Han is interested in 2% of the registered capital of Luoxin Holding which in turn holds 325,639,949 Domestic Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Han that needs to be brought to the attention of the Shareholders.

Mr. Chen Yu (陳雨), aged 47, is an executive Director and the vice general manager who is responsible for production management. Mr. Chen completed post-graduate education in Nanjing Chemical Power College (南京化工動力專科學校), and was named a Heat Supply and Ventilation Engineer by Liaoning Province Human Resources Bureau. Mr. Chen has over 20 years of experience in the PRC medicine manufacturing industry.

Mr. Chen has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-appointment at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB82,000 per annum. Mr. Chen does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Mr. Chen does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the appointment of Mr. Chen that needs to be brought to the attention of the Shareholders.

Mr. Liu Zhenteng (劉振騰), aged 30, was appointed as executive director of the Company from 1 July 2013. Mr. Liu Zhenteng obtained his bachelor's degree in Accountancy from Macquarie University (澳洲麥格理大學) and MBA from University of New South Wales, Australia (澳洲新南威爾斯大學). After his graduation from Macquarie University, Mr. Liu Zhenteng worked as an analyst with a securities company for a year in Hong Kong and after obtaining his MBA, he worked as a researcher in a private equity company for another year in Shanghai. Mr. Liu is responsible for finance, human resources and strategy planning of the Company. Mr. Liu Zhenteng is the son of Mr. Liu Baoqi, the chairman of the Board.

Mr. Liu Zhenteng has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB154,000 per annum. As of the Latest Practical Date, Mr. Liu Zhenteng is interested in 21.37% of the registered capital of Luoxin Holding which in turn holds 325,639,949 Domestic Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Liu Zhenteng that needs to be brought to the attention of the Shareholders.

NON-EXECUTIVE DIRECTORS

Mr. Liu Zhenhai (劉振海), aged 40, was re-designated as non-executive Director from of the Company 1 July 2013. He has about 15 years of experience in the medical and pharmaceutical industry in the PRC. Mr. Liu Zhenhai is also a delegate of the Linyi City Luo Zhuang District People's Congress. Mr. Liu Zhenhai is currently the director of Shandong Luosheng Pharmacy Company Limited* (山東羅盛醫藥有限公司) and Shandong Mingxin Pharmacy Company Limited* (山東明欣醫藥有限公司). Mr. Liu Zhenhai is the nephew of Mr. Liu Baoqi.

Mr. Liu Zhenhai has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB34,000 per annum. As of the Latest Practical Date, Mr. Liu Zhenhai is interested in 10% of the registered capital of Luoxin Holding which in turn holds 325,639,949 Domestic Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Liu Zhenhai that needs to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Foo Tin Chung Victor (傅天忠), aged 47, was appointed as an independent non-executive Director in April 2005 and carried on this role after the Company's listing on GEM in December 2005. Mr. Foo obtained a bachelor degree of commerce in accounting and information system from the University of New South Wales in Australia in April 1994 and a master degree in business administration from the Australian Graduate School of Management in July 2007. He has been a member of the Australia Society of Certified Practising Accountants since January 1998 and an associate member of the Hong Kong Institute of Certified Public Accountants since July 1999. Mr. Foo has been the company secretary of China Grand Pharmaceutical and Healthcare Holdings Limited (stock code: 512) since 2011, and the company secretary of Huisheng International Holdings Limited (stock code: 1340) since 2013. Mr. Foo has been a non-executive director of Sino Haijing Holdings Limited (stock code: 1106) since April 2015. Mr. Foo was an executive director of Jinheng Automotive Safety Technology Holdings Limited (stock code: 872) but resigned in September 2014. Mr. Foo was a non-executive director of Ngai Shun Holdings Limited (stock code: 1246) since March 2015, but resigned in July 2015. Shares of all these companies are listed on the Stock Exchange.

Mr. Foo has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB115,000 per annum. Mr. Foo does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Mr. Foo does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the appointment of Mr. Fu that needs to be brought to the attention of the Shareholders.

Mr. Fu Hongzheng (付宏征), aged 52, was appointed as an independent non-executive Director in June 2001 and has carried on this role after the Company's listing on GEM in December 2005. Mr. Fu graduated from Pharmacy School of Yanbian University (延邊大學藥學院) in 1985 with a bachelors' degree and got his master's degree from the Shenyang Medical University (瀋陽醫科大學) in 1991.

Mr. Fu has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB24,000 per annum. Mr. Fu does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Mr. Fu does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the appointment of Mr. Fu that needs to be brought to the attention of the Shareholders.

Prof. Du Guanhua (杜冠華), aged 59, was appointed as independent non-executive director from 1 July 2013. Prof. Du is a professor, tutor to PhD candidates, pharmacology researcher and Deputy Director of Institute of Materia Medica of Chinese Academy of Medical Sciences (中國醫學科學院) and Union Medical College (中國協和醫科大學). Prof. Du Guanhua (杜冠華) is also a supervisor of the National Centre of Drug Screening (國家藥物篩選中心) and the president of the Chinese Pharmacological Society (中國藥理學會). Prof. Du Guanhua (杜冠華) obtained Bachelor of Pharmacy from Shandong University, Medical Master from Tongji Medical College and PhD from Union Medical College.

Prof. Du has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-election at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB24,000 per annum. Prof. Du does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Prof. Du does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the appointment of Prof. Du that needs to be brought to the attention of the Shareholders.

Ms. Huang Huiwen (黃慧文), aged 43, is an independent non-executive Director, has been working with Linyi City People's Hospital since 2000 and currently is the director of the Economics and Management Department and the head of Finance Department of Linyi City People's Hospital. Ms. Huang obtained bachelor degree from Shandong University of Finance in 1995.

Ms. Huang Huiwen (黃慧文) has not held any directorship in any other listed companies in the last three years. Her proposed appointment has been reviewed by Nomination Committee. Upon her appointment as an independent non-executive Director on the conclusion of the AGM, the Company will enter into an independent non-executive director service contract with Ms. Huang for a term of three years commencing on 1 July 2016. Her emoluments, which are determined on the basis of prevailing market conditions, her roles and responsibilities and reviewed by Remuneration Committee, including social security funds, will be RMB24,000 per annum. Ms. Huang does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. As if the Latest Practicable Date, Ms. Huang does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the appointment of Ms. Huang that needs to be brought to the attention of the Shareholders.

SUPERVISORS

Mr. Wang Jian (王健), aged 55, was appointed as a supervisor of the Company with effect from 30 November 2010. Mr. Wang graduated with a Master's degree in research from Shenyang Pharmacy University (瀋陽藥科大學). Mr. Wang worked as the head of research and development department and the general manager of Guangzhou Bidi Pharmacy Co., Ltd (廣州彼迪藥業有限公司) prior to 1999 and has been individually researching in new medicine since 1999. Mr. Wang currently holds 9,360,136 Domestic Shares, representing approximately 2.10% of all Domestic Shares or approximately 1.54% of all Domestic Shares and H-Shares.

Mr. Wang has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-appointment at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB24,000 per annum. Mr. Wang does not have any relationship with any Directors, senior management, substantial Shareholders or controlling shareholders of the Company. As of the Latest Practical Date, Mr. Wang held 9,360,136 Domestic Shares, representing approximately 2.10% of all Domestic Shares or approximately 1.54% of all Domestic Shares and H Shares.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Wang that needs to be brought to the attention of the Shareholders.

Mr. Liu Zhenfei (劉振飛), aged 28, joined Luoxin Pharmaceutical Group Co., Ltd.* (羅欣醫藥集團有限公司), a previous controlling shareholder of the Company, as sales executive in 2011 and appointed as the supervisor of the Company from 1 July 2013. Mr. Liu Zhenfei obtained a bachelor's degree of Business Administration from Macquarie University, Australia. Mr. Liu Zhenfei is the son of Mr. Liu Baoqi, the chairman of the Board. Mr. Liu Zhenfei was nominated by Luoxin Holding, our controlling shareholder, for election as a Supervisor.

Mr. Liu Zhenfei has not held any directorship in any other listed companies in the last three years. He has entered into a service agreement with the Company for a term of three years commencing on 1 July 2013, subject to the retirement and re-election requirements of the Articles of Association. He will retire and offer himself for re-appointment at the AGM for a term of three years commencing on 1 July 2016. His emoluments, which are determined on the basis of prevailing market conditions, his roles and responsibilities and reviewed by Remuneration Committee, including social security funds, are RMB24,000 per annum. As of the Latest Practical Date, Mr. Liu Zhenfei does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(h) to (v) of the GEM Listing Rules and there is no other matter in respect of the re-election of Mr. Liu Zhenfei that needs to be brought to the attention of the Shareholders.

NOTICE OF THE ANNUAL GENERAL MEETING



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)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of members of Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.* (the “**Company**”) will be held at Conference Room, Level 3, Administrative Centre, Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, the People’s Republic of China (the “**PRC**”) on Wednesday, 22 June 2016 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following ordinary resolutions of the Company:

AS ORDINARY RESOLUTIONS

1. To consider and approve the audited financial statements of the Company and the reports of the board (the “**Board**”) of directors (the “**Directors**”) and the auditors of the Company for the year ended 31 December 2015;
2. to consider and approve the report of the supervisors of the Company for the year ended 31 December 2015;
3. to consider and approve a final dividend of RMB0.35 per share for the year ended 31 December 2015;
4. to consider and approve the Board to fix the remunerations of the Directors and supervisors of the Company;
5. to consider and approve the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company and to authorise the Board to fix their remuneration;
6. to re-elect Mr. Liu Bioqi (劉保起) as an executive Director;
7. to re-elect Ms. Li Minghua (李明華) as an executive Director;
8. to re-elect Mr. Han Fengsheng (韓風生) as an executive Director;
9. to re-elect Mr. Chen Yu (陳雨) as an executive Director;

* For identification purpose only

NOTICE OF THE ANNUAL GENERAL MEETING

10. to re-elect Mr. Liu Zhenteng (劉振騰) as an executive Director;
11. to re-elect Mr. Liu Zhenhai (劉振海) as a non-executive Director;
12. to re-elect Mr. Foo Tin Chung (傅天忠) as an independent non-executive Director;
13. to re-elect Mr. Fu Hongzheng (付宏征) as an independent non-executive Director;
14. to re-elect Prof. Du Guanhua (杜冠華) as an independent non-executive Director;
15. to appoint Ms. Huang Huiwen (黃慧文) as an independent non-executive Director;
16. to re-elect Mr. Wang Jian (王健) as a supervisor; and
17. to re-elect Mr. Liu Zhenfei (劉振飛) as a supervisor.

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

PRC, 6 May 2016

Registered Office:

Luoqi Road
Linyi High and New Technology
Industries Development Zone
Shandong Province, the PRC

Principal place of business in Hong Kong:

Unit 10, 11/F, Tower B, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

* For identification purpose only

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

1. Any shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote at the meeting on his or her behalf. A proxy needs not be a member of the Company. A form of proxy for use at the meeting is enclosed herewith. In the case of joint holders of a share, any one of such joint holders may sign the form of proxy. If more than one of such joint holders attend the meeting either in person or by proxy, the vote of the joint holder whose name appears first in the register of members of the Company shall be accepted to the exclusion of the other joint holder(s).
2. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at, in the case of a holder of H shares of the Company (the “**H Shares**”), the registrar of H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and in the case of a holder of domestic shares of the Company (the “**Domestic Shares**”), the Company’s registered office at Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, the PRC not less than 24 hours before the time for holding the meeting.
3. In order to determine the holders of H Shares who will be entitled to attend and vote at the AGM, the register of members of H Shares will be closed from Friday, 20 May 2016 to Wednesday, 22 June 2016 (both days inclusive). All properly completed H Shares transfer forms accompanied by the relevant share certificate must be lodged with the registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 19 May 2016, for registration.

To determine Shareholders’ entitlement to the proposed final dividend, the registers of members of the Company will be closed from 28 June 2016 to 4 July 2016 (both days inclusive). All properly completed H-Shares transfer forms accompanied by the relevant share certificates must be lodged with the Registrar of H-Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 27 June 2016, for registration.

4. Holders of Domestic Shares and H Shares whose names appear in the register of members at the close of business on Thursday, 19 May 2016 are entitled to attend and vote at the meeting.
5. Holders of Domestic Shares and H Shares who intend to attend the meeting shall complete and deposit or post or fax (fax no.: (86) 539 824 1226) the enclosed reply slip to the Company’s registered office at Luoqi Road, Linyi High and New Technology Industries Development Zone, Shandong Province, the PRC on or before Thursday, 2 June 2016.
6. Holders of Domestic Shares and H Shares or their proxies shall produce their identity documents when attending the meeting.
7. Shareholders of the Company and proxies attending the meeting shall be responsible for their own transportation and accommodation expenses.