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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)

PROFIT WARNING

This announcement is made by Shandong Luoxin Pharmaceutical Group Stock Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the current available information, the Group expected to record a significant decrease in the net profit for the nine months ended 30 September 2016 as compared with that for the corresponding period in 2015. The Board considers that the significant decrease in the net profit of the Group was mainly attributable to (i) the continuous decrease in average selling prices of products of the Group which was affected by the current round of pharmaceutical tenders; (ii) significant increase in operating expenses due to increase in expenses for research and development, such as quality consistency evaluation on generic drugs, clinical trials of generic drugs and research and development of innovative drugs, and increase in expenses for establishing terminal sales team and expanding sales network.

The above information is only based on the preliminary assessment according to the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016 and the current available information, instead of any data or information reviewed or audited by the auditor or the audit committee of the Company. The Group's financial results and performance will be disclosed in the third quarterly results to be issued by the Company in November 2016.

* For identification purpose only

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

PRC, 11 October 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 for at least 7 days from its date of publication and on the Company’s designated website at: <http://shandongluoxin.quamir.com>.

** English names are translated for identification purposes only*