

CHINA JO-JO DRUGSTORES, INC.  
Form DEF 14A  
January 24, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**DEFINITIVE SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CHINA JO-JO DRUGSTORES, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**CHINA JO-JO DRUGSTORES, INC.**

**Hai Wai Hai Tongxin Mansion Floor 6**

**Gong Shu District, Hangzhou City**

**Zhejiang Province**

**P. R. China, 310008**

**Telephone: +86-571-88219579**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MARCH 11, 2019**

TO THE SHAREHOLDERS OF CHINA JO-JO DRUGSTORES, INC.:

The Annual Meeting of the shareholders for the fiscal year ended March 31, 2018 of China Jo-Jo Drugstores, Inc. (the “Annual Meeting”), a Nevada corporation, (the “**Company**”), will be held on **March 11, 2019 at 9:00 p.m. E.T.** (March 12, 2019 at 9:00 a.m., Beijing time), at the Company’s principal executive offices located at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008, for the following purposes:

1. To elect six directors to serve until the next Annual Meeting or until their successors are duly elected and qualified;
2. To ratify the appointment of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the Company’s independent registered public accounting firm for the fiscal year ending March 31, 2019; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

These items of business are more fully described in the proxy statement accompanying this Notice.

The Board of Directors has fixed the close of business on **January 18, 2019**, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. We know that many of our stockholders will be unable to attend the Annual Meeting. We are soliciting proxies so that each stockholder has an opportunity to vote on all matters that are scheduled to come before the stockholders at the Annual Meeting. Whether or not you plan to attend, please take the time now to read the proxy statement and vote via the Internet or, if you prefer, submit by mail a paper copy of your proxy or voter instructions card, so that your shares are represented at the meeting. You may also revoke your proxy or voter instructions before or at the Annual Meeting. Regardless of the number of our shares you own, your presence in person or by proxy is important for quorum purposes and your vote is important for proper corporate actions.

By Order of the Board of Directors,

/s/ Lei Liu

Lei Liu

Chairman of the Board and Chief Executive Officer

Hangzhou City, People's Republic of China

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON MARCH 11, 2019 - THE PROXY STATEMENT AND ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT [www.iproxydirect.com/CJJD](http://www.iproxydirect.com/CJJD)**

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE URGE YOU TO VOTE. YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET. IF YOU RECEIVED A PAPER COPY OF THE PROXY CARD BY MAIL, YOU MAY ALSO MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE.

**CHINA JO-JO DRUGSTORES, INC.**

**Hai Wai Hai Tongxin Mansion Floor 6**

**Gong Shu District, Hangzhou City**

**Zhejiang Province**

**P. R. China, 310008**

**Telephone: +86-571-88219579**

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON **MARCH 11, 2019**

**January 24, 2019**

**GENERAL**

The enclosed proxy is solicited on behalf of the Board of Directors (the “**Board**”) of China Jo-Jo Drugstores, Inc., a Nevada corporation (the “**Company**”), for use at the Annual Meeting of shareholders to be held on **March 11, 2019 at 9:00 p.m. E.T.** (March 12, 2019 at 9:00 a.m., Beijing time) (the “**Annual Meeting**”), or at any adjournment or postponement of the Annual Meeting, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting of Shareholders. The Annual Meeting will be held at the Company’s principal executive offices located at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008.

These proxy materials are made available to you by the Board on the Internet on or about **January 24, 2019**, at **[www.iproxydirect.com/CJJD](http://www.iproxydirect.com/CJJD)**, which is on the proxy card mailed to shareholders of record and beneficial holders. Printed versions of these proxy materials will be delivered to you by mail, free of charge, in connection with the Board’s solicitation of proxies for use at the Annual Meeting on or about January 28, 2019. Our shareholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement.

These proxy materials include: our proxy statement for (and notice of) the Annual Meeting; and our annual report on Form 10-K for the year ended March 31, 2018 (the “**Annual Report**”), which includes our annual audited financial statements for the year ended March 31, 2018. These proxy materials also include a proxy card or a voting information card for the Annual Meeting, for submitting your vote in writing to us or your broker, as the case may be.

## **ABOUT THE MEETING**

### **Who is entitled to vote at the Annual Meeting?**

Only shareholders of record at the close of business on **January 18, 2019** (the “**Record Date**”) are entitled to receive notice of and to vote at the Annual Meeting. If you were a shareholder of record on the Record Date, you will be entitled to vote all of the shares that you held on the Record Date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting.

### **Who can attend the Annual Meeting?**

Any person who was a shareholder of the Company on the Record Date may attend the meeting. If you own shares in street name, you should ask your broker or bank for a legal proxy to bring with you to the Annual Meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement so that we can verify your ownership of our stock and admit you to the Annual Meeting. You will not, however, be able to vote your shares at the Annual Meeting without a legal proxy.

### **What am I voting on?**

The Board, on behalf of the Company, is seeking your affirmative vote for the following three items:

1. The election of six directors;
2. The ratification of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

### **Will any other matters be voted on?**

We do not know of any other matters that will be brought before the shareholders for a vote at the Annual Meeting. If any other matter is properly brought before the meeting, your signed proxy card would authorize Mr. Lei Liu to vote on such matters in his discretion.

### **How do I vote?**

#### **Shareholders of Record**

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record.

If you are a shareholder of record, there are five ways to vote:

- 1. Vote by Internet.** You can vote via the Internet. The website address for Internet voting is provided on your proxy card. You will need to use the control number appearing on your proxy card to vote via the Internet. You can use the Internet to transmit your voting instructions up until 4:00 P.M. Eastern Time on **March 11, 2019**. Internet

voting is available 24 hours a day. If you vote via the Internet, you do NOT need to vote by telephone or return a proxy card.

**Vote by Telephone.** You can also vote by telephone by calling the toll-free telephone number provided on your proxy card. You will need to use the control number appearing on your proxy card to vote by telephone. You may  
2. transmit your voting instructions from any touch-tone telephone up until 4:00 P.M. Eastern Time on **March 11, 2019**. Telephone voting is available 24 hours a day. If you vote by telephone, you do NOT need to vote over the Internet or return a proxy card.

**Vote by Fax.** You can also vote by fax by faxing to the fax number provided on your proxy card. You will need to use the control number appearing on your proxy card to vote by fax. You may transmit your voting instructions by  
3. fax up until 4:00 P.M. Eastern Time on **March 11, 2019**. Fax voting is available 24 hours a day. If you vote by fax, you do NOT need to vote over the Internet or return a proxy card.

**Vote by Mail.** If you received a printed copy of the proxy card, you can vote by marking, dating and signing it, and  
4. returning it in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received prior to the closing of the polls at the Annual Meeting.

**5. Vote in Person.** You can vote in person at the Annual Meeting.

#### Street Name Holders

If your shares are held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or agent.



Regardless of how your shares are registered, if you complete and properly sign the proxy card and return it to the address indicated, it will be voted as you direct.

**How many votes do I have?**

On each matter to be voted upon, you will have one vote for each share of the Company's common stock that you owned on the Record Date.

**How many votes can be cast by all shareholders?**

The Company had 28,936,778 outstanding shares of common stock on the Record Date, and each of these shares is entitled to one vote.

**How many votes must be present to hold the meeting?**

The holders of at least a majority of the Company's common stock outstanding on the Record Date must be present at the Annual Meeting in person or by proxy in order to fulfill the quorum requirement necessary to hold the Annual Meeting. As of the Record Date, there were 28,936,778 shares of common stock outstanding. This means at least 14,468,390 common shares must be present in person or by proxy.

If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will also be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the Annual Meeting so that we will know as soon as possible that a quorum has been achieved.

**What vote is required to approve each proposal?**

Proposal No. 1 (Election of Directors): The six nominees for directors who receive the most votes will be elected.

**Please note that brokers may no longer vote on the election of directors in the absence of specific client instructions.**

Proposal No. 2 (Ratification of the Appointment of the Independent Auditor): The required vote to approve the ratification of the appointment of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019, is the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

**Can I change my vote?**

Yes. You may change your vote by sending in a new proxy card with a later date, or, if you are a shareholder of record, sending written notice of revocation to the Company's Secretary at the address on the cover of this proxy statement. Also, if you attend the Annual Meeting and wish to vote in person, you may request that your previously submitted proxy not be used.

**What happens if I sign and return the proxy card but do not indicate how to vote on an issue?**

If you return a proxy card without indicating your vote, your shares will be voted as follows:

FOR each of the nominees for director named in this proxy statement;

FOR ratification of the appointment of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019.

FOR approval to transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

**How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K, which we will file with the SEC within four business days after the Annual Meeting.

**When are shareholder proposals due for the next annual meeting?**

We presently intend to hold our next annual meeting of shareholders in March 2020. Any appropriate proposal submitted by a shareholder and intended to be presented at the next annual meeting of shareholders must be submitted in writing to our Secretary at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008, and received no later than September 26, 2019, to be includable in the Company's proxy statement and related proxy for the next annual meeting of shareholders. A shareholder proposal will need to comply with the SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Although the Board will consider shareholder proposals, we reserve the right to omit from our proxy statement, or to vote against, shareholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

**How can I obtain additional information about the Company?**

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You can access our Annual Report as filed with the SEC. Additional copies will be furnished without charge to shareholders upon written request. Exhibits to the Annual Report will be provided upon written request. All written requests should be directed to: China Jo-Jo Drugstores, Inc., c/o Chief Financial Officer, Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008.

We are subject to the informational requirements of the Exchange Act, which requires that we file reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding companies, including our Company, that file electronically with the SEC. The SEC's website address is [www.sec.gov](http://www.sec.gov). In addition, our filings may be inspected and copied at the public reference facilities of the SEC located at 100 F Street, N.E. Washington, DC 20549. Copies of the material may also be obtained upon request and payment of the appropriate fee from the Public Reference Section of the SEC located at 100 F Street, N.E., Washington, DC 20549.

## **PROPOSAL NO. 1**

### **ELECTION OF DIRECTORS**

Under the Company's bylaws, the number of directors of the Company is fixed by the Board and may be increased or decreased by resolution of the Board. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy shall serve until the next Annual Meeting.

The directors of the Company do not have a definite term of office, and each director will serve until the next Annual Meeting and until the director's successor is elected and qualified. The Nominating Committee of the Board, comprising of four independent directors, will consider director candidates recommended by shareholders. The Nominating Committee does not intend to alter the manner in which it evaluates candidates based on whether or not the candidate was recommended by a shareholder, except that the Nominating Committee may consider the size and duration of the share holdings of the recommending shareholder in relation to the total outstanding shares of the Company, and the extent to which the recommending shareholder intends to continue holding its interest in the Company. To nominate a director, shareholders must submit such nomination in writing to our Secretary at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008.

Currently, the Board has fixed the number of directors at six persons. Six directors are to be elected to the Board at the Annual Meeting. The Board has nominated Mr. Lei Liu, Ms. Li Qi, Ms. Caroline Wang, Mr. Jiangliang He, Ms. Pingfan Wu, and Dr. Genghua Gu for re-election at the Annual Meeting. All six nominees currently serve on the Board.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors at the Annual Meeting at which a quorum is present. The nominees receiving the most "For" votes (among votes properly cast in person or by proxy) will be elected. If no contrary indication is made, shares represented by executed proxy will be voted "For" the election of the nominees named above or, if any nominee becomes unavailable for election as a result of unexpected occurrence, "For" the election of a substitute nominee designated by our Board. Each nominee has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve.

All of the Company's directors are expected to attend the Annual Meeting, unless unusual circumstances would prevent such attendance.

**The Board of Directors recommends a vote “FOR” each nominee.**

## INFORMATION ABOUT THE NOMINEES

<b>Name</b>	<b>Age</b> (1)	<b>Position</b>	<b>Served From</b>
Lei Liu	54	Chief Executive Officer and Chairman of the Board	September 17, 2009
Li Qi	46	Director	October 23, 2009
Caroline Wang (2) (3) (4)	32	Director	March 29, 2017
Jiangliang He (2) (3) (4)	55	Director	September 4, 2018
Genghua Gu (2) (3) (4)	68	Director	March 28, 2014
Pingfan Wu (4)	53	Director	October 26, 2018

(1) As of the date of this proxy statement.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

(4) Member of the Nominating Committee.

### *Lei Liu, Chief Executive Officer and Chairman of the Board*

**Lei Liu** has served as our Chief Executive Officer and Chairman of our Board of Directors since September 17, 2009. Mr. Liu is one of the three founders of Hangzhou Jiuzhou Grand Pharmacy Chain Co., Ltd. (“Jiuzhou Pharmacy”), Hangzhou Jiuzhou Clinic of Integrated Traditional and Western Medicine (General Partnership) (“Jiuzhou Clinic”) and Hangzhou Jiuzhou Service & Public Health Service Co., Ltd. (“Jiuzhou Service”) (Jiuzhou Pharmacy, Jiuzhou Clinic and Jiuzhou Service, as well as the subsidiaries of Jiuzhou Pharmacy, collectively as “HJ Group”), and has been the executive director of Jiuzhou Pharmacy since September 2003 and the supervising director of Jiuzhou Service since November 2005. From December 1997 to August 2003, Mr. Liu worked in Tai He Drugstore as a general manager. From September 1992 to November 1997, Mr. Liu was an administration official of Hangzhou Medical Junior College, his alma mater, where he was also a researcher and an anatomy instructor from September 1983 to July 1992. Mr. Liu has been a licensed researcher in the PRC since September 1988. As the founder and CEO responsible for our vision and direction, Mr. Liu is invaluable to us and our Board of Directors. These attributes make Mr. Liu an ideal candidate to serve as our Chairman.

***Li Qi, Director***

Ms. Qi is one of the three founders of HJ Group and is currently the general manager of both Jiuzhou Pharmacy and Jiuzhou Service. From January 2000 to June 2003, Ms. Qi worked in Zhejiang Yikang Drugstore as a general manager. From October 1991 to January 2000, Ms. Qi worked in the Branch Hospital of Hangzhou No. 1 People's Hospital as a nurse. Ms. Qi is a licensed TCM pharmacist in the PRC and is a 1991 graduate of Hangzhou Nurse School. The Board believes that Ms. Qi's knowledge of the Company's history and day-to-day operations and her experience in the PRC medical industry qualify her to serve a director of the Company.

***Caroline Wang, Independent Director***

Ms. Wang has been a member of our Board since March 29, 2017. Since May 2017, Ms. Wang has been an investment manager with Zhejiang Provincial Financial Holdings Co., Ltd. From October 2015 to April 2017, Ms. Wang has been a project manager with JC Group, a comprehensive industrial financial group which serves the "city management", performing internal audit and projects management for a variety of financial products. Prior to that, Ms. Wang served as an assistant CFO of Kandi Technologies Group, Inc. (NASDAQ:KNDI), a company engaged in the research, development, manufacturing, and sales of vehicle products. She was primarily responsible for the consolidation of financial reports and internal control audits. From 2012 to 2015, Ms. Wang was an audit department assistant manager with KPMG Huazhen LLP Hangzhou Branch, conducting financial reporting audits and internal control audits for listing companies, as well as providing audit service to pre-IPO companies. None of these companies is related to or affiliated with the registrant. Ms. Wang holds a master's degree in public administration from London School of Economics and Political Science, and a bachelor's degree in finance from Beijing Language and Culture University. The Board has determined that Ms. Wang has the qualifications to serve as a member of the Board given her extensive financial, accounting and auditing experience, as well as her English and Chinese bilingual capabilities, which facilitates the Board's supervision of management.

***Jiangliang He, Independent Director***

Mr. He has been a member of our Board since September 4, 2018. He has extensive experience as an attorney. Mr. He has served as a partner in Dentons China, a large law firm with a presence in approximately 45 cities in China, since August 2008. From July 1997 to July 2008, he was a partner in the Zhejiang Jiuyao law firm. From July 1984 to June 1997, he was a professor at Hangzhou School of Law. Mr. He received his bachelor's degree in law from Beijing University. The Board believes his knowledge and experiences in law helps the Board have a good corporate governance.

***Genghua Gu, Independent Director***

Dr. Gu is a retired physician, professor and published scientific researcher in the field of stomatology. From 2003 to 2013, Dr. Gu was a member of the Standing Committee of Zhejiang Province Political Consultative Conference. From 2000 to 2009, Dr. Gu was the Vice President of the Women's Hospital of Zhejiang University's School of Medicine (the "School of Medicine"), where, in addition to being a chief physician, professor and researcher, he was also in charge of logistics and financial managements as part of the hospital's management. From 1998 to 2000, Dr. Gu was the Vice President of the Second Affiliate Hospital of the School of Medicine (the "Affiliate Hospital"), where, in addition to his medical, teaching and research duties, he was also in charge of the hospital's logistics. From 1995 to 1998, Dr. Gu served as the Deputy Magistrate with the Shuichang County Government in Zhejiang Province, in charge of the county's culture, education and hygiene programs. From 1988 to 1995, Dr. Gu was the Head of the Medical Department at the Affiliate Hospital and was involved in planning and management of the medical department. Dr. Gu served as an oral surgeon from 1977 to 1988 at the Affiliate Hospital. Dr. Gu graduated from Shanghai Jiaotong University's School of Medicine, Department of Stomatology in 1977. The Board has determined that Dr. Gu should serve as a director given his extensive medical and scientific research experience, as well as his government and hospital management and logistics experience.



*Pingfan Wu, Independent Director*

Ms. Pingfan Wu has been a member of our Board since October 26, 2018. She graduated from Jiangxi Medical College with a major in clinical medicine. After graduation, she worked in a hospital for eight years as a physician and an attending physician. After that, she joined Sino-American Shike/GlaxoSmithKline for 18 years until 2014. From sales representative to GSK China Sales/Strategy Director, Ms. Wu was responsible for the sale of multiple prescription drugs/OTC products in Chinese hospitals, retail markets, government cooperation projects and mergers and acquisitions. Since 2014 Ms. Wu has been working at Cardinal Health China Pharmaceutical Co., Ltd., which is among the top three largest U.S./foreign drug distribution companies in China (“Cardinal China”). She served as its retail COO, responsible for retail channel branding/sales of the distribution products in China and online/offline business strategy planning and operation management for its Direct-to-Patient (“DTP”) pharmacy. The DTP pharmacy is mainly a hospital-side pharmacy and the products are primarily high-value drugs. The Board believes that Ms. Wu’s experiences in pharmacy industry brings the Company opportunities in business development.

**INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our Board currently consists of six members. Our bylaws provide that our directors will hold office until the Annual Meeting of shareholders or until their successors have been elected and qualified. Our Board is responsible for the business and affairs of the Company and considers various matters that require its approval.

**Independence of the Board**

We are required to comply with The NASDAQ Stock Market (“**NASDAQ**”) listing standards, under which a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by the board of directors. The Board consults with the Company’s counsel to ensure that the Board’s determination are consistent with relevant securities and other laws and regulations regarding the definition of “independent,” including those set forth in pertinent listing standards of the NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, our senior management and our independent registered public accounting firm, the Board has affirmatively determined that the following directors and nominees are independent directors within the meaning of the NASDAQ listing standards: Ms. Caroline Wang, Mr. Jiangliang He, Dr. Genghua Gu, and Ms. Pingfan Wu are independent directors. Mr. Lei Liu and Ms. Li Qi are not independent directors.

## Code of Ethics and Business Conduct

The Company's Code of Ethics, which applies to all officers, directors and employees, was adopted by the Board on March 15, 2010. The Code of Ethics was filed as Exhibit 14 to the Company's Current Report on Form 8-K filed with the SEC on March 23, 2010, a copy of which is available on our website at <http://www.chinajojodrugstores.com> under the tabs "Investor" – "Corporate Governance" – "Documents".

## Meetings of the Board

During the fiscal year ended March 31, 2018, the Board met one time and took action by unanimous written consent four times.

## Information regarding Committees of the Board

The Board has three committees: the Audit Committee, the Compensation Committee and the Nominating Committee. The following table provides membership and meeting information for these committees for the fiscal year ended March 31, 2018:

Name	Audit	Compensation	Nominating
Caroline Wang (2)	X (1)	X	X
Taihong Guo	X	X (1)	X
Genghua Gu	X	X	X (1)
Total meetings in year ended March 31, 2018	1	1	1
Total actions by unanimous written consent in year ended March 31, 2018	1	2	1

(1) Committee chairperson.

"Audit committee financial expert" within the meaning of Item 407(d)(5)(ii) and (iii) of Regulation S-K promulgated (2) under the Exchange Act. Effective March 29, 2017, Caroline Wang was elected as a member of the Board and is qualified as audit committee financial expert within the meaning under Regulation S-K.

Below is a description of each committee as it is presently constituted. The Board has determined that each current member of each committee meets the applicable SEC and NASDAQ rules and regulations regarding “independence” and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

### **Audit Committee**

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act to oversee the Company’s corporate accounting and financial reporting processes and audits of its financial statements. The Audit Committee operates under a written charter, a copy of which is available on our website at <http://www.chinajojodrugstores.com> under the tabs “Investor” – “Corporate Governance” – “Documents”, and is composed of our three (3) independent directors. Our Board of Directors has determined, based on information furnished by Ms. Caroline Wang and other available information, that she meets the requirements of an “audit committee financial expert” as that term is defined in the rules promulgated under the Securities Act and the Exchange Act, and has accordingly designated her as such. Our Board of Directors has also appointed her the chairperson of the committee.

The Audit Committee assists the Board oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications and independence, and (iv) the performance of the Company’s internal audit function and independent auditor, and prepares the report that the SEC requires to be included in the Company’s annual proxy statement.

### **Report of the Audit Committee**

The Audit Committee oversees the Company’s financial reporting process on behalf of the Board. The Audit Committee operates under a written charter approved by the Board. The charter provides, among other things, that the Audit Committee has full authority to engage the independent auditor. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

reviewed and discussed the audited financial statements with management;

discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountant the independent accountant's independence; and

based on the review and discussions referred to above, recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2018, as filed with the Securities and Exchange Commission.

Respectfully submitted,

The Audit Committee of the Board

/s/ Caroline Wang, Chairperson of the Audit Committee

/s/ Jiangliang He, Member of the Audit Committee

/s/ Genghua Gu, Member of the Audit Committee

*The foregoing Audit Committee Report does not constitute soliciting material or to be “filed” with the Commission or subject to Regulation 14A or 14C (17 CFR 240.14a-1 through 240.14b-2 or 240.14c-1 through 240.14c-101), other than as provided in Item 407 of Regulation S-K, or to the liabilities of section 18 of the Exchange Act (15 U.S.C. 78r) and shall not be deemed filed or incorporated by reference into any other filing of our company under the Securities Act or the Exchange Act, except to the extent we specifically incorporate this Audit Committee Report by reference therein.*

### **Compensation Committee**

Our Compensation Committee operates under a written charter, a copy of which is available on our website at <http://www.chinajodrugstores.com> under the tabs “Investor” – “Corporate Governance” – “Documents”, and is made up of our three (3) independent directors. As of March 31, 2018 Taihong Guo was the chairperson of the committee. Mr. Jiangliang He has been the chairperson of the committee since September 4, 2018 when Taihong Guo resigned from all of his positions with the Board and the committees of the Board. Our Compensation Committee oversees and, as appropriate, makes recommendations to the Board regarding the annual salaries and other compensation of our executive officers and our employees, and other employee policies; it also provides assistance and recommendations with respect to our compensation policies and practices.

### **Nominating Committee**

Our Nominating Committee operates under a written charter, a copy of which is available on our website at <http://www.chinajodrugstores.com> under the tabs “Investor” – “Corporate Governance” – “Documents”, and is made up of our four (4) independent directors. Genghua Gu is the chairperson of the committee. Our Nominating Committee assists the Board in the selection of director nominees, approves director nominations to be presented for stockholder approval at our annual general meeting, fills any vacancies on our Board of Directors, considers any nominations of director candidates validly made by stockholders, and reviews and considers developments in corporate governance practices.

Each of the six nominees for election as a director named in this proxy statement were unanimously recommended by the Nominating Committee for submission to the shareholders of the Company as the Board's nominees.

### **Shareholder Communications with the Board**

Due to the infrequency of communications from shareholders to the Board, our Board has not adopted a formal process by which shareholders may communicate with the Board. Nevertheless, shareholders or other interested parties may write to the Company's Secretary at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008, and should prominently indicate on the outside of the envelope that it is intended for the Board or for non-management directors, and the Company's Secretary will forward the communications to all specified directors. If no director is specified, the communication will be forwarded to the entire Board.

## **PROPOSAL NO. 2**

### **RATIFICATION OF INDEPENDENT ACCOUNTANTS**

The Audit Committee has selected BDO CHINA SHU LUN PAN Certified Public Accountants LLP (“BDO China”) as the Company’s independent registered public accountants for the fiscal year ending March 31, 2019, and has further directed that management submit the selection of independent auditors for ratification by the shareholders at the Annual Meeting. The shareholders are being asked to ratify this appointment so that the Audit Committee will know the opinion of the shareholders. However, the Audit Committee has sole authority to appoint the independent registered public accounting firm.

Representatives of BDO China are not expected to be present at the Annual Meeting, either in person or by teleconference.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of BDO China.

**The Board of Directors recommends a vote “FOR” the ratification of the appointment of BDO China as the Company’s independent registered public accounting firm.**

### **Principal Accountant Fees and Services**

Our current principal independent auditor is BDO China whom we engaged on April 7, 2015. The following table shows the fees for audit and other services provided by BDO China in relation to our 2018 and 2017 fiscal years:

	For the Fiscal Years ended March 31,	
	2018	2017
Audit Fees (1)	\$225,000	\$220,000
Audit-related Fees (2)	-	-

Tax Fees (3)	-	-
All Other Fees (4)	-	-
Total	\$225,000	\$220,000

**Audit Fees:** This category includes the audit of our annual financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q, and services that are normally provided by independent auditors (1) in connection with statutory and regulatory filings or the engagement for fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

**Audit-Related Fees:** This category consists of assurance and related services by our independent auditors that are (2) reasonably related to the performance of the audit or review of our financial statements and are not reported above under “Audit Fees.”

**Tax Fees:** This category consists of professional services rendered by our independent auditors for tax compliance (3) and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

(4) **All Other Fees:** This category consists of fees for other miscellaneous items.

**Pre-Approval Policies and Procedures of the Audit Committee**

The Audit Committee approves the engagement of our independent auditors and is also required to pre-approve all audit and non-audit expenses. Prior to engaging its accountants to perform particular services, the Audit Committee obtains an estimate for the service to be performed. All of the services described above were approved by the Audit Committee in accordance with its procedure.



## INFORMATION REGARDING OUR DIRECTORS AND EXECUTIVE OFFICERS

The following table identifies our current executive officers and directors, their respective offices and positions, and their respective dates of election or appointment as of the Record Date:

<b>Name</b>	<b>Positions Held</b>	<b>Date of Election or Appointment</b>
Lei Liu	Chief Executive Officer and Chairman of the Board	September 17, 2009
Ming Zhao	Chief Financial Officer	August 1, 2011
Wei Hu	Chief Operating Officer	November 7, 2018
Li Qi	Director	October 23, 2009
Caroline Wang	Director	March 29, 2017
Jiangliang He	Director	September 4, 2018
Genghua Gu	Director	March 28, 2014
Pingfan Wu	Director	October 26, 2018
Yan Liu	Secretary	September 4, 2018

### Arrangements Involving Directors or Executive Officers

There is no arrangement or understanding between any of our directors or executive officers and any other person pursuant to which any director or officer was or is to be selected as a director or officer, and there is no arrangement, plan, or understanding as to whether non-management shareholders will exercise their voting rights to continue to elect the current Board. There are also no arrangements, agreements, or understandings to our knowledge between non-management shareholders that may directly or indirectly participate in or influence the management of our affairs.

### Family Relationships

There are no family relationships between or among any of the current directors, executive officers or persons nominated or charged to become directors or executive officers. There are no family relationships among our officers and directors and those of our subsidiaries and affiliated companies except the following: Mr. Liu is son of our Chairman of the Board and the Chief Executive Officer but has not been involved in any transaction with the Company during the past two years that would require disclosure under Item 404(a) of Regulation S-K.

### Business Experience

The business experience of our directors, including executive officers serving as directors, is provided under “*Information about the Nominees*” in Proposal 1 above. The experience of executive officers who are not also directors is described below.

***Ming Zhao, Chief Financial Officer***

From September 2010 to July 2011, Mr. Zhao served as a senior manager at CFO Oncall, Inc., a financial consulting firm providing CFO services to U.S.-listed, China-based publicly traded companies. Through CFO Oncall, Inc., Mr. Zhao has been consulting for the registrant since January 2010. From December 2006 through August 2010, Mr. Zhao served as a senior auditor at Sherb & Co., LLP. None of these companies is related to or affiliated with the Company. Mr. Zhao is a licensed certified public accountant. He graduated with a bachelor’s degree in accounting from Central University of Finance and Economic in Beijing in July 1999, and obtained a master’s degree in professional accounting from the University of Washington in December 2002.

***Mr. Wei Hu, Chief Operating Officer***

Mr. Hu, age 45, has a track record of innovation and business success in key roles in various institutions in the healthcare industry. He is experienced in hospital management, strategic planning and deployment, performance management, lean management, medical quality management, operational analysis, information management, and external cooperation and exchange. Mr. Hu has been serving as Vice President of Taizhou Central Hospital (Taizhou College Affiliated Hospital) since September 2016. He is also the Vice President of Taizhou Medical Association, the Vice Chairman of the Special Committee of Nasopharyngeal Carcinoma and Tumor Causes of Zhejiang Anti-Cancer Association, a Standing Committee Member of the Cancer Radiotherapy Professional Committee of Zhejiang Medical Association, a member of the Provincial Clinical Epidemiology and Evidence-Based Medicine Branch, member of the Cancer Pain Professional Committee, and leader of the Cancer Chemotherapy and Chemotherapy Group of Taizhou Medical Association. In addition, Mr. Hu had served as Executive Vice President, Vice President and Dean of Enze Medical Center of Taizhou Central Hospital from February 2011 to September 2016. Under his leadership, Taizhou Central Hospital was named Class 3 Grade A hospital in 2011. He has also successively served as Director of Radiotherapy Department and Assistant Dean of Taizhou Hospital. Mr. Hu earned a Bachelor of Science in Clinical Medicine and is currently a Ph.D. candidate at the Medicine School of Zhejiang University.

***Yan Liu, Secretary***

Mr. Liu, age 28, from August 15, 2017 to August 1, 2018, Mr. Liu had been a project manager with Ping An Insurance (Group) Company of China, Ltd. (“Ping An Insurance”), a Chinese holding conglomerate whose subsidiaries mainly deal with insurance, banking, and financial services. Ping An Insurance is one of the top 50 companies on the Shanghai Stock Exchange. While at Ping An Insurance, Mr. Liu was mainly responsible for projects dealing with the reformation of the current Chinese medical system and market, which is a US\$1.3 trillion (8 trillion yuan) industry as of 2018. Prior to that Mr. Liu had served as Director of Investor Relations for the Company from 2015. Mr. Liu holds a bachelor’s degree in statistics from Arizona State University and a bachelor’s degree in math from Jinan University.

**Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than ten percent (10%) of a registered class of our equity securities (“Reporting Persons”), to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. The Reporting Persons are also required by SEC rules to furnish us with copies of Section 16(a) forms they file. Based upon a review of the filings made on their behalf during the fiscal year ended March 31, 2018, as well as an examination of the SEC’s EDGAR system Form 3, 4, and 5 filings (including amendments to such forms) and our records, we believe that, for the fiscal year ended March 31, 2018, our directors, executive officers and holders of ten percent (10%) or more of our common stock complied with Section 16(a) filing requirements applicable to them.

## **Legal Proceedings**

None of our directors or executive officers has, during the past ten years:

had any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or had a receiver, fiscal agent, or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

been convicted in a criminal proceeding or a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

(i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) engaging in any type of business practice; or

(iii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60 days the right of such person to engage in any activity described in (i) above, or to be associated with persons engaged in any such activity;

been found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law, where the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated; or

been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, where the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended, or vacated.

## **Executive Compensation**

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to our principal executive officer and principal financial officer during the fiscal years ended March 31, 2017 and 2018. No other executive officer received compensation in excess of \$100,000 during the fiscal year ended March 31, 2018.

## **Summary Compensation Table**

Name and Principal Position	Fiscal Year ended	Salary (\$)	Bonus (\$)	Stock	Option	Non-Equity	Nonqualified	All Other Compensation (\$)	Total (\$)
				Awards (\$)(1)	Awards (\$)	Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)		
Lei Liu,	2017	43,236	-0-	-0-	-0-	-0-	-0-	-0-	41,000
CEO (2)(3)	2018	54,360	-0-	911,250	-0-	-0-	-0-	-0-	965,610
Ming Zhao,	2017	88,000	-0-	17,600	-0-	-0-	-0-	-0-	105,600
Current	2018	88,000	-0-	40,500	-0-	-0-	-0-	-0-	128,500
CFO (4)									

(1) Reflects the full fair value of stock issued during the applicable fiscal year for financial statement reporting purposes.

(2) Salary as reported is based on interbank exchange rate of RMB 6.8911 to \$1.00 on March 31, 2017 and RMB 6.6225 to \$1.00 on March 31, 2018.

Mr. Liu's compensation under "Stock Awards" for the fiscal year ended March 31, 2018, comes from the restricted stock award granted to him on March 30, 2018 under the China Jo-Jo Drugstores, Inc. 2010 Equity Incentive Plan. Mr. Liu was initially granted 900,000 shares of common stock on March 30, 2018, of which, 225,000 shares of the common stock were subsequently cancelled by the compensation committee on June 28, 2018 in order to fit within the 675,000 share limitation in Section 1.3.2 of the China Jo-Jo Drugstores, Inc. 2010 Equity Incentive Plan (3)(the "Plan"). However, The Tax Cuts and Jobs Act of 2017 removed the 162(m) qualified performance based compensation exemption to the \$1 million cap on deductions for compensation to covered executives. Section 1.3.2 was in the Plan to permit grants under the Plan to fit within that exemption. As that exemption no longer applies for grants made in 2018 or thereafter, the Plan has been amended to remove the provisions intended to comply with that exemption, including the one in Section 1.3.2. of the Plan. There were no stock awards in the fiscal year ended March 31, 2017.

(4) Mr. Zhao's compensation under "Stock Awards" includes restricted shares issued to him on March 30, 2018, under the Plan. There were no stock awards in the fiscal year ended March 31, 2017.

**Outstanding Equity Awards at Fiscal Year Ended March 31, 2018**

Name	Option Awards					Stock Awards		Equity incentive plan awards:	
	Number of securities underlying unexercised options exercisable	Equity incentive plan awards: number of securities underlying unexercised options	Equity incentive plan awards: number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested	plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$)
Lei Liu (1)	-	-	180,000	2.50	Nov.18, 2022	-	-	-	\$ -
Ming Zhao (1)	-	-	30,000	2.50	Nov.18, 2022	-	-	-	\$ -
Li Qi (1)	-	-	125,000	2.50	Nov.18, 2022	-	-	-	\$ -

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by security holders	967,000	2.50	4,520,000
Equity compensation plans not approved by security holders	-	-	-
<b>TOTAL</b>	<b>967,000</b>	<b>2.50</b>	<b>4,520,000</b>



On September 21, 2010, our Board of Directors approved a stock incentive plan for officers, directors, employees, and consultants entitled “China Jo-Jo Drugstores, Inc. 2010 Equity Incentive Plan” (the “Plan”). The maximum number of shares that may be issued under the Plan is 2,025,000 shares of our common stock. The Plan was approved by our shareholders at our annual meeting held on November 2, 2010. On March 23, 2015, the Amendment No. 1 to the Plan to increase the number of shares of the Company’s common stock available for issuance thereunder from 2,025,000 share limit to 4,325,000 shares was approved by the stockholders at the annual shareholders meeting. On January 27, 2017, our Board of Directors adopted and approved Amendment No. 2 to the Plan to increase the number of shares of the Company’s common stock available for issuance thereunder by 2,850,000 shares to 7,175,000 shares of the Company’s common stock. The Amendment No. 2 was approved by the stockholders at the annual meeting on March 23, 2016. On February 9, 2017, our Board of Directors adopted and approved Amendment No. 3 to the Plan to increase the number of shares of the Company’s common stock available for issuance thereunder by 2,521,468 shares to 9,696,468 shares of the Company’s common stock. The Amendment No. 3 was approved by the stockholders at the annual meeting on March 29, 2017. On February 8, 2018, our Board of Directors adopted and approved Amendment No. 4 to the Plan to increase the number of shares of the Company’s common stock available for issuance thereunder by 2,500,000 shares to 12,196,468 shares of the Company’s common stock. Under the Plan, the Company may issue common stock and/or options to purchase common stock to our officers, directors, employees and consultants. The Plan is administered either by our Board of Directors or a committee that it designates comprising of at least two (2) “non-employee” directors. The board (or the committee, if one is designated) has full and complete authority, in its discretion, but subject to the express provisions of the Plan, to grant awards, to determine the number of awards to be granted and the time or times at which awards shall be granted; to establish the terms and conditions upon which awards may be exercised; to remove or adjust any restrictions and conditions upon awards; to specify, at the time of grant, provisions relating to exercisability of awards and to accelerate or otherwise modify the exercisability of any awards; and to adopt such rules and regulations and to make all other determinations deemed necessary or desirable for the administration of the Plan. As of March 31, 2018, there were 3,985,836 shares of our common stock remaining available for future issuance under the Plan.

### **Employment Agreements, Termination of Employment and Change-in-Control Arrangements**

Except as described below, we currently have no employment agreements with any of our executive officers, nor any compensatory plans or arrangements resulting from the resignation, retirement or any other termination of any of our executive officers, from a change-in-control, or from a change in any executive officer’s responsibilities following a change-in-control.

#### Agreements with Ming Zhao

We entered into an employment agreement with Mr. Zhao dated as of August 1, 2011, under which Mr. Zhao is serving as our Chief Financial Officer for a term of two years commencing August 1, 2011, for annual compensation of \$100,000, payable in monthly installments, as well as a one-time grant of 40,000 shares of our common stock (the “Shares”) under our 2010 Equity Incentive Plan. The term of the employment was extended verbally for another two (2)

years with an amended annual compensation of \$88,000 starting from October 2012. The term of the employment was verbally extended for one (1) year with an amended annual compensation of \$88,000 starting October 2015. Mr. Zhao is also entitled to expense reimbursement and to be included as an insured under our directors and officers insurance policy with coverage of \$5,000,000. During his employment, Mr. Zhao is subject to certain restrictive covenants, including (i) prohibition against engaging in any work that competes with us and our business and soliciting our customers, potential customers and employees, and (ii) requirement to maintain our confidential information.

Mr. Zhao's employment agreement terminates upon his death or disability. If Mr. Zhao is unable to perform his duties for 60 days during any 12 month period, we may terminate the employment agreement upon 30-day written notice. We may also terminate the employment agreement for cause, upon notice if at any time Mr. Zhao commits (a) fraudulent, unlawful or grossly negligent conduct in connection with his employment duties; (b) willful misconduct; (c) willful and continued failure to perform his duties; (d) any felony or any crime involving moral turpitude; (e) any violation of any of our material policies; or (f) any material breach of any written agreement with us. Mr. Zhao may terminate his employment agreement immediately upon written notice if we breach our agreement with him.

**Director Compensation**

The following table provides compensation information for our directors during the fiscal year ended March 31, 2018:

**Director Compensation Table**

Name	Fiscal Year ended	Fees Earned	Stock Awards	Option Awards	Non-Equity	Nonqualified	All Other Compensation	Total
		or Paid in			Incentive Plan	Deferred Compensation		
	March 31,	Cash	(\$)(1)	(\$)	Compensation	Earnings	(\$)	(\$)
		(\$)			(\$)	(\$)		
Lei Liu (2)	2018	54,360	911,250	-0-	-0-	-0-	-0-	965,610
Li Qi (2)	2018	36,240	--0-	-0-	-0-	-0-	-0-	36,240
Caroline Wang	2018	12,080	-0-	-0-	-0-	-0-	-0-	12,080
Taihong Guo	2018	6,000	-0-	-0-	-0-	-0-	-0-	6,000
Genghua Gu	2018	6,000	-0-	-0-	-0-	-0-	-0-	6,000

(1) Reflects dollar amount expensed by the Company during the applicable fiscal year for financial statement reporting purposes.

(2) Compensation is reflected in the Summary Compensation Table on page 49 above.

We do not currently have an established policy to provide compensation to members of our Board of Directors for their services in that capacity, although we have entered into certain agreements with some of our directors as described below. We intend to develop such a policy in the near future.

**Agreement with Caroline Wang**

As of March 29, 2017, we entered into an agreement with Ms. Wang in the form of a director offer letter pursuant to which we agreed to compensate her \$11,896 (RMB80,000) annually for her services. Additionally, she is entitled to be included as an insured under our directors and officers insurance policy.

Agreement with Taihong Guo

On January 1, 2013, we entered into an agreement with Mr. Guo in the form of a director offer letter, pursuant to which we have agreed to compensate him \$6,000 annually for his services, payable in monthly installments on the last day of each month. Additionally, he is entitled to be included as an insured under our directors and officers insurance policy. Taihong Guo resigned from all his positions from the Board and the committees of the Board on September 4, 2018.

Agreement with Genghua Gu

On December 9, 2013, we entered into an agreement with Dr. Gu in the form of a director offer letter, pursuant to which we have agreed to compensate him \$6,000 annually for his services, payable in monthly installments on the last day of each month. Additionally, he is entitled to be included as an insured under our directors and officers insurance policy.

Agreement with Pingfan Wu

On October 26, 2018, we entered into an agreement with Ms. Wu in the form of a director offer letter, pursuant to which we have agreed to compensate her \$8,834 (RMB 60,000) annually for her services. Additionally, she is entitled to be included as an insured under our directors and officers insurance policy.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding our common stock beneficially owned on January 18, 2019, for (i) each stockholder known to be the beneficial owner of five percent (5%) or more of our outstanding common stock, (ii) each executive officer and director, and (iii) all executive officers and directors as a group. To the best of our knowledge, subject to community and marital property laws, all persons named have sole voting and investment power with respect to such shares, except as otherwise noted.

**Common Stock Beneficially Owned**

	<b>Number of Shares beneficially owned (2)</b>	<b>Percentage of class beneficially owned (3)</b>	
<b>Executive officers and directors: (1)</b>			
Lei Liu, Chief Executive Officer and Chairman of the Board of Directors (4)	8,825,482	30.5	%
Ming Zhao, Chief Financial Officer	199,000	*	%
Wei Hu, Chief Operating Officer	0		-
Yan Liu, Secretary	0		-
Li Qi, Director (4)	6,409,000	22.1	%
Caroline Wang	-	-	%
Genghua Gu	30,000	*	%
Jiangliang He	0		-
Pingfan Wu	0		-
All directors and executive officers as a group (9 persons)	9,054,482	31.3	%
<b>5% Shareholders: (1)</b>			
CareRetail Holdings Limited (5)	4,840,000	16.7	%
Super Marvel Limited (4)	6,030,000	20.8	%
Chong'an Jin (4)	6,049,000	20.9	%

\* Less than 1%.

(1) Unless otherwise noted, the address for each of the named beneficial owners is: Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008.

(2) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon

exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding.

(3) Unless otherwise noted, the number and percentage of outstanding shares of common stock is based upon 28,936,778 shares outstanding as of January 18, 2019.

The address of Super Marvel Limited ("Super Marvel") is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The owners of Super Marvel are Lei Liu (39%), Li Qi (30%) and Chong'an Jin (31%). They are also its directors. As such, they are deemed to have or share investment control over Super Marvel's portfolio. According to Rule 13d-5, when two or more persons agree to act together for the purpose of (4) acquiring, holding, voting or disposing of equity securities of an issuer, the group formed thereby shall be deemed to have acquired beneficial ownership, for purposes of sections 13(d) and (g) of the Exchange Act, as of the date of such agreement, of all equity securities of that issuer beneficially owned by any such persons. As a result, 6,030,000 shares of common stock held by Super Marvel reported herein as beneficially owned by each of Mr. Liu, Ms. Qi and Mr. Jin, which they in turn own indirectly through their respective ownership of Super Marvel.

Based on Form 3 filed with the SEC by Hillhouse Capital Management, Ltd. (Hillhouse Capital) on January 30, 2017, Mr. Lei Zhang, may be deemed to have controlling power over Hillhouse Capital, the sole beneficial owner (5) of CareRetail Holdings Limited ("CareRetail"). Mr. Lei Zhang disclaims beneficial ownership of all of the shares held by CareRetail, except to the extent of his pecuniary interest therein.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Our Officers and Directors' Relationship with Us, Our Subsidiaries and VIE

We operate our pharmacies (including the medical clinics) through the following companies in China that we control through contractual arrangements:

Hangzhou Jiuzhou Grand Pharmacy Chain Co., Ltd. (“Jiuzhou Pharmacy”), which we control contractually, operates our “Jiuzhou Grand Pharmacy” stores;

Hangzhou Jiuzhou Clinic of Integrated Traditional and Western Medicine (General Partnership) (“Jiuzhou Clinic”), which we control contractually, operates one (1) of our two (2) medical clinics; and

Hangzhou Jiuzhou Medical & Public Health Service Co., Ltd. (“Jiuzhou Service”), which we control contractually, operates our other medical clinics.

In addition, we operate pharmacies through “Lin’An Jiuzhou”, which are directly held by Jiuxin Investments Management Co. Ltd. We also operates nine stores, which are held by Jiuzhou Pharmacy.

We control HJ Group (Jiuzhou Pharmacy, Jiuzhou Clinic and Jiuzhou Service, Lin’An Jiuzhou, as well as the subsidiaries of Jiuzhou Pharmacy) through contractual arrangements between Jiuxin Management, our wholly-owned subsidiary, and each of Jiuzhou Pharmacy, Jiuzhou Medical and Jiuzhou Clinic. HJ Group is owned by Mr. Lei Liu, Ms. Li Qi and Mr. Chong’an Jin (the “Key Personnel”), two (2) of whom also hold positions as our executive officers and/or directors. Because the Key Personnel also collectively own a substantial amount of our issued and outstanding common stock, we believe that our interests are aligned with those of HJ Group and the Key Personnel.

### Other Related Party Transactions

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Due to director and CEO (1):	850,342	927,052

(1) Due to foreign exchange restrictions, the Company's director and CEO, Mr. Lei Liu personally lent U.S. dollars to the Company to facilitate its payments of expenses in the United States.

The Company leases from Mr. Lei Liu a retail space. The lease will expire in September 2020. The rent for the year ended March 31, 2018 has not been paid to Mr. Liu as of March 31, 2018.



**OTHER MATTERS**

The Board and management do not know of any other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons appointed as proxies will vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ Lei Liu

Name: Lei Liu

Title: Chairman of the Board of Directors

Exhibit A

**CONTROL  
ID:  
CHINA JO-JO DRUGSTORES,  
INC.                      REQUEST  
ID:**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY  
OF PROXY MATERIALS**

for the Annual Meeting of Stockholders

**DATE:** MONDAY, MARCH 11, 2019  
**TIME:** 9:00 P.M. EASTERN TIME (MARCH  
12, 2019 AT 9:00 A.M. BEIJING TIME)  
Hai Wai Hai Tongxin Mansion Floor 6,  
**LOCATION:** Gong Shu District, Hangzhou City,  
Zhejiang Province, P. R. China, 310008

**HOW TO REQUEST PAPER COPIES OF OUR MATERIALS**

**PHONE:    FAX:                      INTERNET:    EMAIL:**

**<https://www.iproxydirect.com/CJJD>**

Call toll free 1-866-752-8883 Send this card to 1-866-752-3464 and follow the on-screen instructions. proxy@iproxydirect.com Include your Control ID in your email.

This communication represents a notice to access a more complete set of proxy materials available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting. The proxy statement is available at: **<https://www.iproxydirect.com/CJJD>**

IF YOU WANT TO RECEIVE A PAPER COPY OF THE PROXY MATERIALS YOU MUST REQUEST ONE. THERE IS NO CHARGE TO YOU FOR REQUESTING A COPY. TO FACILITATE TIMELY DELIVERY PLEASE MAKE THE REQUEST, AS INSTRUCTED ABOVE, BEFORE March 1, 2019.

YOU MAY ENTER YOUR VOTING INSTRUCTIONS AT  
[HTTPS://WWW.IPROXYDIRECT.COM/CJJD](https://www.iproxydirect.com/CJJD)

UNTIL 4:00 PM EASTERN TIME MARCH 11, 2019.

**The purposes of this meeting are as follows:**

**1. TO ELECT FIVE DIRECTORS TO SERVE UNTIL THE NEXT ANNUAL MEETING OR UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFIED;**

**2. TO RATIFY THE APPOINTMENT OF BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2019; AND**

**3. TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT THEREOF.**

Pursuant to Securities and Exchange Commission rules, you are receiving this Notice that the proxy materials for the Annual Meeting are available on the Internet. Follow the instructions above to view the materials and vote or request printed copies.

The board of directors has fixed the close of business on January 18, 2019 as the record date for the determination of stockholders entitled to receive notice of the Annual Meeting and to vote the shares of our common stock, par value \$.001 per share, they held on that date at the meeting or any postponement or adjournment of the meeting.

**The Board of Directors recommends that you vote 'for' all proposals above.**

**Please note - This is not a Proxy Card - you cannot vote by returning this card**



**CHINA JO-JO DRUGSTORES, INC.**  
SHAREHOLDER SERVICES  
500 Perimeter Park Drive Suite D  
Morrisville NC 27560

FIRST-CLASS MAIL  
US POSTAGE  
**PAID**  
CARY NC  
PERMIT # 869

**Time Sensitive shareholder information enclosed**

**IMPORTANT SHAREHOLDER INFORMATION**

**your vote is important**

Exhibit B

**CHINA JO-JO DRUGSTORES, INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

annual meeting OF STOCKHOLDERS – March 11, 2019 at 9 pm et

(March 12, 2019 at 9 am beijing time)

**CONTROL**

**ID:**

**REQUEST**

**ID:**

The undersigned hereby appoints Lei Liu as proxy of the undersigned, with full power of substitution, to vote all the shares of common stock of China Jo-Jo Drugstores, Inc. held of record by the undersigned on January 18, 2019, at the annual meeting of shareholders to be held on March 11, 2019 at 9:00pm E.T. (March 12, 2019 at 9:00am, Beijing time), or any adjournment thereof. The meeting will be held at the company's principal executive offices located at Hai Wai Hai Tongxin Mansion Floor 6, Gong Shu District, Hangzhou City, Zhejiang Province, P. R. China, 310008.

**(CONTINUED AND TO BE SIGNED ON REVERSE SIDE.)**

**VOTING INSTRUCTIONS**

**If you vote by phone, fax or internet, please DO NOT mail your proxy card.**

**MAIL:** Please mark, sign, date, and return this Proxy Card promptly using the enclosed envelope.

**FAX:** Complete the reverse portion of this Proxy Card and Fax to **202-521-3464.**

**INTERNET:** <https://www.iproxydirect.com/CJJD>

**PHONE:** 1-866-752-VOTE (8683)





**ANNUAL MEETING OF THE STOCKHOLDERS OF CHINA JO-JO DRUGSTORES, INC.**

**PLEASE COMPLETE, DATE, SIGN AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE: ý**

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

**Proposal 1 - The Board of Directors recommends you vote FOR the following:**

**FOR AGAINST FOR ALL  
® ALL ALL EXCEPT**

- Election of Directors
- Lei Liu
- Li Qi
- Caroline Wang
- Jiangliang He
- Genghua Gu
- Pingfan Wu

**Control ID:  
REQUEST  
ID:**

**Proposal 2 - The Board of Directors recommends you vote FOR the following proposal:**

**® FOR AGAINST ABSTAIN**

The ratification of the appointment of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019.

**MARK "X" HERE IF YOU PLAN TO ATTEND THE MEETING:**  
MARK HERE FOR ADDRESS CHANGE New Address (if applicable):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IMPORTANT:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Dated: \_\_\_\_\_, 2019

(Print Name of Stockholder and/or Joint Tenant)

(Signature of Stockholder)

(Second Signature if held jointly)