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Tong Ren Tang Technologies Co. Ltd.
北京同仁堂科技發展股份有限公司

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

(Stock Code: 8069)

Placing of 14,520,000 H Shares

Sole Placing Agent



On 23 May 2007, after trading hours, the Company entered into the Placing Agreement with ICEA in relation to the Placing, pursuant to which ICEA has agreed to procure on a best efforts basis subscribers or purchasers (as the case may be) for the Placing H Shares.

The Placing Price represents a discount of approximately 8.78% to the closing price of HK\$20.15 per H Share on the Stock Exchange on 23 May 2007, being the date of the Placing Agreement.

The Placing H Shares comprise: (1) 13,200,000 New H Shares to be allotted and issued by the Company in connection with the Placing; and (2) 1,320,000 Sale H Shares to be converted from the same number of existing Domestic Shares held by Tongrentang Group in accordance with the Existing Approvals and applicable PRC laws and regulations.

Under the Placing Agreement, ICEA will place the Placing H Shares to not less than six placees. Each of ICEA, the placees and their ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company.

The New H Shares and the Sale H Shares represent approximately 18.13% and 1.81% of the existing issued H share capital of the Company respectively. The Placing H Shares will represent approximately 16.63% of the issued H share capital of the Company as enlarged by the placing of the Placing H Shares.

The net proceeds from the placing of the New H Shares in full will be approximately HK\$231.6 million. The Company proposes to deploy the net proceeds from the placing of New H Shares as follows: (i) approximately HK\$162.1 million for strengthening of its sales and distribution networks; and (ii) the balance of approximately HK\$69.5 million for general working capital purpose. The entire net proceeds from the sale of the Sale H Shares will be remitted to the NSSF Council.

Completion of the Placing is conditional upon, amongst other things, the Stock Exchange granting listing of, and permission to deal in, the Placing H Shares. Further information on the conditions precedent is set out below. The Placing is also subject to termination on the occurrence of certain events, set out in greater detail below, at any time before 9:00 a.m. on the date of Completion. Accordingly, the Placing may or may not proceed. Investors should therefore exercise caution when dealing in the H Shares.

The Placing H Shares will be placed under the general mandate granted to the Directors at the last annual general meeting of the Company held on 16 May 2007.

1. The Placing Agreement

Date : 23 May 2007 (after trading hours)

Parties : (i) the Company; and
(ii) ICEA

2. The Placing

ICEA agrees to procure on a best efforts basis, as agent for the Company, subscribers to subscribe for or purchasers to purchase (as the case may be) the Placing H Shares at the Placing Price.

3. Placees

The Placing H Shares will be placed with or sold to (as the case may be) professional and institutional investors who together with their ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company. The placees will not be less than six in number.

4. Independence of ICEA

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ICEA and its ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company.

5. Number of Placing Shares

The Placing H Shares comprise: (1) 13,200,000 New H Shares to be allotted and issued by the Company in connection with the Placing; and (2) 1,320,000 Sale H Shares to be converted from the same number of existing Domestic Shares held by Tongrentang Group in accordance with the Existing Approvals and applicable PRC laws and regulations.

The Placing H Shares represent approximately 19.95% and 7.94% respectively, of the existing issued H share capital and the registered capital of the Company immediately prior to the Placing, and approximately 16.63% and 7.41% respectively, of the existing issued H share capital and the registered capital of the Company as enlarged by the Placing H Shares.

6. Placing Price

HK\$18.38 per Placing H Share, representing:

- (i) a discount of approximately 8.78% to the closing price of HK\$20.15 per H Share on the Stock Exchange on 23 May 2007, being the date of the Placing Agreement;
- (ii) a discount of approximately 12.60% to the average closing price of HK\$21.03 per H Share on the Stock Exchange for the last five trading days up to and including 23 May 2007; and
- (iii) a discount of approximately 6.79% to the average closing price of HK\$19.719 per H Share on the Stock Exchange for the last ten trading days up to and including 23 May 2007.

The Placing Price was agreed upon after arm's length negotiations between the Company and ICEA, and was determined by reference to, among other things, the recent trading prices of the H Shares as described above. The commission of 3.375% payable by the Company to ICEA pursuant to the Placing Agreement was agreed upon after arm's length negotiations between the Company and ICEA. The Directors (including the independent non-executive Directors) consider that the terms of the Placing (including the placing commission) are fair and reasonable based on prevailing favourable equity market conditions and are in the interests of the Company and its shareholders as a whole.

7. Conditions of the Placing

The Placing is conditional upon, amongst other things:

- (a) the Existing Approvals being in full force and effect up to and including Completion;
- (b) the Listing Approval having been obtained and not subsequently revoked prior to Completion;
- (c) no representation, warranty or undertaking under the Placing Agreement having been breached by the Company or is otherwise rendered inaccurate, untrue or misleading, in each case on or prior to Completion; and
- (d) the Placing Agreement not having been terminated in accordance with its terms.

8. Grounds of Termination

The Placing is subject to termination by ICEA if, at any time prior to 9:00 a.m. on the date of Completion, there shall develop, occur, exist or come into effect in the sole and absolute opinion of ICEA:–

- (a) any material adverse event, or series of events, beyond the reasonable control of ICEA (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome and H5N1 and such related or mutated forms or interruption or delay in transportation);
- (b) any change or development involving a material adverse prospective change (or any event or series of events likely to result in any change or development involving a prospective change) in local, national or international, financial, political, military, industrial, fiscal, regulatory, currency, market or economic conditions or matters and/or disaster, taxation or exchange controls, or monetary or trading settlement system (including without limitation any moratorium, suspension or material restriction on banking activities or trading in securities generally on the Stock Exchange and/or other major stock exchanges and/or trading markets, or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world) as would be likely to prejudice materially the consummation of the Placing;
or

- (c) any new law or change or development involving a prospective change in existing laws or any change or development involving a material adverse prospective change in the interpretation or application thereof by any court or other competent authority in any of Hong Kong, the PRC or any other jurisdictions relevant to any member of the Group (the “**Specific Jurisdictions**”) or the imposition of material economic or political sanctions, in whatever form, directly or indirectly, by the United States of America, the European Union (or any member thereof) or otherwise by resolution of the United Nations on any of the Specific Jurisdictions;
- (d) any material breach of any of the representations and warranties set out in the Placing Agreement coming to the knowledge of ICEA or any event occurs or any matter arises on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (e) in the sole and absolute opinion of ICEA, there is any change or development involving a material adverse prospective change (or any event or series of events likely to result in any change or development involving a prospective change) in the conditions, management, business affairs, prospects, stockholders’ equity, profits, losses or the financial or trading position or performance of any Group Company which is material in the context of the Placing.

Subject to the termination rights of ICEA, there is a risk that the Placing may or may not proceed. However, the Directors are not aware of the occurrence of any of such events as at the date of this announcement.

9. Transfer and Sale of the Sale H Shares

SASAC and the NSSF Council have, in their approvals dated 29 November 2006 and 25 January 2007 respectively approved, as part of the Placing, the sale of the 1,320,000 Sale H Shares to be converted from the same number of existing Domestic Shares held by Tongrentang Group in accordance with PRC laws and regulations. Net proceeds from the sale of such Sale H Shares (after deducting relevant commission and expenses to be incurred in respect of the sale of such Sale H Shares) will be remitted in full to the NSSF Council.

10. Lock-up Undertaking

The Company has undertaken to ICEA that, it will not issue or agree to allot or issue any H Shares (other than pursuant to (i) any exercise of any convertible bonds or warrants in issue at the date hereof or any other conversion or subscription rights existing at the date hereof or (ii) any scrip dividend scheme) or other securities or grant or agree to grant any options (other than options granted or to be granted pursuant to an existing shares option scheme), warrants or other rights to subscribe for H Shares or other securities or to repurchase any securities of the Company, for the period of six months from the date of Completion without first having obtained the prior written consent of ICEA.

11. Completion of the Placing

Completion is expected to take place no later than the next Business Day immediately after fulfillment of the conditions precedent, or such later time or date as the Company and ICEA may agree but which shall in any event be no later than 20 June 2007.

12. General Mandate to Place the Placing H Shares

The Placing H Shares will be placed under the general mandate granted to the Directors at the last annual general meeting of the Company held on 16 May 2007. Pursuant to such general mandate, a total of 14,560,000 H Share may be issued by the Company. Insofar as the H share capital of the Company is concerned, such general mandate has not been utilised prior to the date of this announcement and, upon completion of the Placing, will be utilised as to 14,520,000 H Shares (representing approximately 99.725% of the relevant general mandate) with a balance of 40,000 H Shares (representing approximately 0.275% of the relevant general mandate).

The Company has no outstanding share options or convertible securities as at the date of this announcement.

13. Regulatory approvals

The Company has obtained all relevant PRC regulatory approvals for the Placing, being, the approval from the SASAC on 29 November 2006, the authorization and approval from the NSSF Council on 25 January 2007 and the approval from the CSRC on 24 April 2007, in respect of the Placing and the placing of Placing H Shares.

The Company has confirmed and undertaken to ICEA that these Existing Approvals remain valid for the purposes of the Placing.

14. United States Selling Restrictions

The Placing H Shares have not been registered under the Securities Act and may not be offered or sold in the United States of America or to U.S. persons (as such term is defined in the Securities Act), unless an exemption from the registration requirements of the Securities Act is available.

15. Ranking

The Placing H Shares will rank pari passu in all respects with the existing H Shares in issue on completion of the Placing, including the right to receive all dividends and distributions declared, paid or made after the Completion.

16. Shareholding Structure

The following table sets out the shareholding structure of the Company immediately before and after completion of the Placing in full (assuming no changes to the existing shareholding structure of the Company or the existing share capital of the Company prior to the Completion):

Holder of Domestic Shares or H Shares	Immediately before completion of the Placing		Immediately after completion of the Placing in full	
	Number of Shares held (Shares)	Approximate percentage of shareholding (%)	Number of Shares held (Shares)	Approximate percentage of shareholding (%)
Beijing Tongrentang (notes 1 and 2)	100,000,000	54.705	100,000,000	51.02
Tongrentang Group (notes 1 and 2)	2,900,000	1.586	1,580,000	0.81
Other holders of Domestic Shares (note 1)	7,100,000	3.884	7,100,000	3.62
Public (note 3)	72,800,000	39.825	87,320,000	44.55
Total	182,800,000	100.00	196,000,000	100.00

Notes:

- (1) Shares held by Beijing Tongrentang, Tongrentang Group and other holders of Domestic Shares are Domestic Shares.
- (2) Beijing Tongrentang, holding a direct interest in 100,000,000 Domestic Shares, is a subsidiary of Tongrentang Group. Tongrentang Group is the ultimate holding company of the Company, holding indirect interests in the Company through Beijing Tongrentang and direct interests in 2,900,000 Domestic Shares.
- (3) Shares held by the public are all H Shares.

The aggregate nominal value of the Placing H Shares is RMB14,520,000.

17. Reasons for the Placing and Use of Proceeds

The gross proceeds from the placing of the New H Shares in full by the Company will be approximately HK\$242.6 million and the net proceeds from the placing of the New Shares by the Company will be approximately HK\$231.6 million (after deducting the 3.375% placing commission and expenses (such as legal fees, printing charges and other miscellaneous expenses) of the placing of the New H Shares in the sum of approximately HK\$11 million).

The Company proposes to deploy the net proceeds from the placing of New H Shares as follows: (i) approximately HK\$162.1 million for strengthening of its sales and distribution networks; and (ii) the balance of approximately HK\$69.5 million for general working capital purpose.

The entire net proceeds from the sale of the Sale H Shares will be remitted to the NSSF Council.

The Company has not raised any funds from the issuance of equity securities in the 12 months immediately before the date of this announcement.

18. Application for Listing

An application will be made to the GEM Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing H Shares on the Stock Exchange.

19. Definitions

“Beijing Tongrentang” Beijing Tongrentang Company Limited (北京同仁堂股份有限公司), a company established in the PRC and a substantial shareholder of the Company (as defined in the GEM Listing Rules)

“Business Day” any day (excluding a Saturday) on which banks generally are open for business in Hong Kong

“Company”	Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司), a joint stock company incorporated under the laws of the PRC, the H Shares of which are listed on GEM
“Completion”	completion of the Placing Agreement
“CSRC”	the China Securities Regulatory Commission of the PRC
“Directors”	directors of the Company
“Domestic Share(s)”	ordinary share(s) in the capital of the Company, with a RMB denominated par value of RMB1.00 each, which were subscribed by PRC domestic shareholders and credited as fully paid up in RMB, and which are not listed nor traded on the Stock Exchange
“Existing Approvals”	means collectively (i) the written approval issued by the SASAC on 29 November 2006; (ii) the written approval issued by the CSRC on 24 April 2007; and (iii) the written approval issued by the NSSF Council on 25 January 2007, in each case authorising and approving the Placing and/or the placing and sale of the Placing H Shares
“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 and the expression “member of the Group” shall be construed accordingly
“H Shares”	the overseas listed foreign invested shares of RMB1.00 each in the capital of the Company which are listed on GEM
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICEA”	ICEA Capital Limited, an institution registered under the Securities and Futures Ordinance for Types 1 and 6 regulated activities

“Listing Approval”	the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing H Shares
“New H Shares”	a total of 13,200,000 H Shares to be issued by the Company under the Placing at the Placing Price, representing approximately 90.91% of the Placing H Shares
“NSSF Council”	全國社會保障基金理事會 (The National Social Security Fund Council of the PRC), an organisation authorised by the 中華人民共和國國務院 (the State Council of the PRC) and is responsible for the administration of the national security fund of the government of the PRC
“Placing”	the offer for subscription or sale (as the case may be) by way of a private placing of the Placing H Shares by or on behalf of ICEA to selected places pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement entered into between the Company and ICEA on 23 May 2007 in connection with the Placing
“Placing H Shares”	the New H Shares and the Sale H Shares
“Placing Price”	HK\$18.38 per Placing H Share
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale H Shares”	a total of 1,320,000 H Shares to be converted from an equal number of Domestic Shares held by Tongrentang Group in accordance with the Existing Approvals and applicable PRC laws and regulations, representing approximately 9.09% of the Placing H Shares
“SASAC”	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC)

“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the same meaning as in Section 2 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as at the date hereof
“Tongrentang Group”	中國北京同仁堂(集團)有限責任公司 (China Beijing Tong Ren Tang Group Co. Ltd.), a company established in the PRC and the ultimate holding company of the Company

By order of the Board of Directors
Tong Ren Tang Technologies Co. Ltd.
Yin Shun Hai
Chairman

Beijing, the PRC 23 May, 2007

As at the date of this announcement, the Board comprises Mr. Yin Shun Hai, Mr. Mei Qun, Mr. Wang Quan, Ms. Ding Yong Ling, Mr. Kuang Gui Shen and Mr. Zhang Sheng Yu as executive directors; and Ms. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.

This announcement, 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, (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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