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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 company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8069)

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

The Directors announce that (1) the Company entered into the Processing Services Agreement on 25 October 2007 with NiuBaoTun Processing Factory, a substantial shareholder of the Company's subsidiary, pursuant to which NiuBaoTun Processing Factory agrees to provide processing services to the Company; (2) the Company entered into the Overseas Distribution Agreement on 25 October 2007 with TRT HK, a limited company established in Hong Kong owned as to 51% by the Company and 49% by TRT, pursuant to which the Company appoints TRT HK as its non-exclusive agent for the distribution of its products outside PRC; and (3) TRT entered into the TRT Overseas Distribution Agreement on 25 October 2007 with TRT HK, pursuant to which TRT appoints TRT HK as its non-exclusive agent for the distribution of its products outside PRC respectively.

The transactions contemplated under the Continuing Connected Transactions Agreements constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. These transactions and their annual caps are subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements under the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

(1) Processing Services Agreement

Date: 25 October 2007

- Parties:**
- (1) the Company; and
 - (2) NiuBaoTun Processing Factory, a substantial shareholder of the Company's subsidiary and is accordingly a connected person of the Company

Term: 25 October 2007 to 31 December 2009

Other terms

Pursuant to the Processing Services Agreement, NiuBaoTun Processing Factory agrees to provide processing services to the Company for certain products of the Company, at market prices for a term of up to 31 December 2009. The processing fee is calculated with reference to the number, weights and the kinds of products to be processed, subject to an annual cap of RMB13.5 million, RMB15.5 million and RMB18 million for each of the three financial years ending 31 December 2009. The processing services should be provided on terms no less favourable than those offered by independent third parties.

There is no historical figure for the processing services under the Processing Services Agreement as such processing services are new services provided to the Company and the Company did not have similar transactions with NiuBaoTun Processing Factory before. The proposed annual cap is determined by reference principally to the processing volume of several tablet and glue forms of products of the Company in 2007 and the anticipated increase in the requirement of the processing services by the Company. For the purposes of determining the annual cap only, the Company has taken into account the projected growth in the processing volume of the Company at a rate of about 15% per annum for the period up to 31 December 2009. Such projection is assumed solely for the purpose of determining the annual cap for the processing services under the Processing Services Agreement and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

On such basis, the Directors estimate that the processing fee of the processing services will be around RMB13.03 million in 2007, RMB15 million in 2008 and the same will be increased to around RMB17.23 million in 2009. In this connection, the Directors propose that the annual cap for the processing services shall be RMB13.5 million, RMB15.5 million and RMB18 million respectively for each of the three financial years ending 31 December 2009.

Reasons for the entering into the Processing Services Agreement

With a view to meet the increasing market demand, enrich its product portfolio and increase its market share in the medicine industry, the Company has planned to expand the production scale of its several products. Due to the specific production requirement of some glue and tablet forms of products, the Company is unable to further expand its scale of production with its existing production base. As NiuBaoTun Processing Factory is a factory equipped with the relevant production facilities and skilled production personnel and its glues and tablets production lines have passed the GMP certification, the Directors consider that the arrangement with NiuBaoTun Processing Factory for the production and processing service is of commercial benefits to the Company and the Group as a whole.

The terms of the Processing Service Agreement are made on an arm's length basis in the ordinary and usual course of business of the Company and are on normal commercial terms which are no less favourable than terms available to or from independent third parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Processing Services Agreement and the corresponding annual cap thereof are fair and reasonable and in the interest of the Shareholders as a whole.

Connection between the parties

NiuBaoTun Processing Factory is a substantial shareholder of a subsidiary of the Company and is accordingly a connected person of the Company under the GEM Listing Rules. The transaction contemplated under the Processing Service Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

(2) Distribution Agreements

(i) Overseas Distribution Agreement

Date:	25 October 2007
Parties:	(1) the Company; and (2) TRT HK, a limited company established in Hong Kong owned as to 51% by the Company and 49% by TRT
Term:	25 October 2007 to 31 December 2009

Other terms

Pursuant to the Overseas Distribution Agreement, the Company appoints TRT HK as its non-exclusive agent for the distribution of its products outside the PRC. The agency fee is to be calculated at 8.5% of the total actual sales income (excluding all kinds of taxation expenses), subject to an annual cap of RMB3 million, RMB3.8 million and RMB4.5 million for each of the three financial years ending 31 December 2009. TRT HK shall not provide the overseas distribution services to the Company at a fee higher than that of the same services provided to independent third party and should ensure that the overseas distribution services are provided on terms no less favourable than those offered to independent third parties.

The Company has paid approximately RMB470,000 to TRT HK as the agency fee as at the date of this announcement. The proposed annual cap is determined by reference principally to the current plans of the Company for export development and the anticipated increase in the demand for Chinese medicine in the overseas market. For the purposes of determining the proposed annual cap only, the Company has taken into account the projected growth in the overseas sale volume of the Company at a rate of about 20% per annum for the period up to 31 December 2009. Such projection is assumed solely for the purpose of determining the annual cap for the overseas distribution services under the Overseas Distribution Agreement and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The agency fee for the overseas distribution services will be around RMB2.9 million in 2007, RMB3.5 million in 2008 and the same will be increased to around RMB4.18 million in 2009. In this connection, the Directors propose that the annual cap for the overseas distribution services shall be RMB3 million, RMB3.8 million and RMB4.5 million for each of the three financial years ending 31 December 2009.

(ii) *TRT Overseas Distribution Agreement*

Date: 25 October 2007

Parties: (1) TRT; and
(2) TRT HK

Term: 25 October 2007 to 31 December 2009

Other terms

Pursuant to the TRT Overseas Distribution Agreement, TRT appoints TRT HK as its non-exclusive agent for the distribution of its products outside the PRC. The agency fee is to be calculated at 7.5% of the total sales income (excluding all kinds of taxation expenses), subject to an annual cap of RMB11 million, RMB13.5 million and RMB16 million for each of the three financial years ending 31 December 2009. TRT HK shall not provide the overseas distribution services to TRT at a fee lower than the costs incurred in the provision of such overseas distribution services and than those charged by independent third parties.

There is no historical figure for the overseas distribution services under the TRT Overseas Distribution Agreement as TRT HK has not provided such kind of services to TRT before. The proposed annual cap is determined by reference principally to the current plans of TRT for export development and the anticipated increase in the demand for Chinese medicine in the overseas market. For the purposes of determining the annual cap only, the Company has applied the projected growth rate of the overseas sale volume of the Company to TRT's anticipated overseas sale volume, that is about 20% per annum for the period up to 31 December 2009. Such projection is assumed solely for the purpose of determining the annual cap for the overseas distribution services under the TRT Overseas Distribution Agreement and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of TRT or the Group.

The agency fee for the overseas distribution services will be around RMB10.83 million in 2007, RMB13 million in 2008 and the same will be increased to around RMB15.6 million in 2009. In this connection, the Directors propose that the annual cap for the overseas distribution services shall be RMB11 million, RMB13.5 million and RMB16 million for each of the three financial years ending 31 December 2009.

Reasons for the entering into the Distribution Agreements

With an increasing popularity of Chinese medicine in the overseas market, the consumption of natural Chinese medicine and natural health supplement has become an international trend. The Group seeks to capitalise on such an increasing consumer interest in and demand for the Chinese medicine in the overseas market. TRT HK is a Hong Kong limited company jointly established by the Company and TRT, principally engaged in the manufacture and sale of Chinese medicine for the overseas market. TRT HK has recently finished its construction of factory and installation of facilities and almost all key positions have been filled up, it has been well-equipped for the production of various forms of Chinese medicine and is focusing on producing products for overseas markets. As Hong Kong has always been the export or re-export base of the Company for its Chinese medicine products, pursuant to the Distribution Agreements, TRT HK will be responsible for both the sales of the Chinese medicine products of the Company and TRT.

The Directors are of the view that the appointment of TRT HK as the non-exclusive agent of the Company and TRT to distribute products outside the PRC could flourish the sales and expand the market shares of the Group in the overseas market by taking advantage of the strong brand image of “Tongrentang”.

The terms of the Distribution Agreements are made on an arm’s length basis in the ordinary and usual course of business of the Group and are on normal commercial terms which are no less favourable than terms available to or from independent third parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Distribution Agreements and the corresponding annual caps thereof are fair and reasonable and in the interest of the Shareholders as a whole.

Connection between the parties

TRT HK is a non wholly-owned subsidiary of the Company, which is owned as to 51% by the Company and 49% by TRT, the controlling Shareholder. TRT HK is an associate of TRT and is thus a connected person of the Company under the GEM Listing Rules and the transactions contemplated under the Distribution Agreements constitute continuing connected transactions of the Company under the GEM Listing Rules.

GENERAL

Given that each of the applicable percentage ratio (other than the profit ratio) calculated in accordance with Chapter 19 of the GEM Listing Rules in respect of the above annual cap does not exceed 2.5% on an annual basis, the Continuing Connected Transactions are only subject to the reporting and annual review requirements and are exempt from independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. Save as disclosed above, the Group did not have any prior transactions with (i) NiuBaoTun Processing Factory; (ii) TRT HK; and (iii) TRT which required to be aggregate with each of the Continuing Connected Transactions pursuant to Rule 20.25 of the GEM Listing Rules.

The Group is engaged in the manufacturing of Chinese medicines and currently sells its products to both independent third parties and connected persons.

TRT HK is principally engaged in the manufacturing and processing of Chinese medicine in Hong Kong.

TRT is principally engaged in the manufacturing and sale of the Chinese medicine.

NiuBaoTun Processing factory is principally engaged in the processing of Chinese medicine.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

“Company”	Tong Ren Tang Technologies Co. Ltd., a joint stock company incorporated in the PRC with limited liability and the issued shares of which are listed on GEM
“Continuing Connected Transaction(s)”	the transaction(s) being contemplated under any or all of the Continuing Connected Transactions Agreements
“Continuing Connected Transactions Agreements”	the Processing Services Agreement and Distribution Agreements collectively
“Directors”	directors of the Company
“Distribution Agreements”	collectively the Overseas Distribution Agreement and the TRT Overseas Distribution Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM (as amended from time to time)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“NiuBaoTun Processing Factory”	Beijing NiuBaoTun Medicine Processing Factory (北京市通州區牛堡屯藥材加工廠二分廠)
“Overseas Distribution Agreement”	the distribution agreement dated 25 October 2007 entered into between the Company and TRT HK, pursuant to which TRT HK is appointed as a non-exclusive distributor of the Company’s products for a term of up to 31 December 2009
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Processing Services Agreement”	the processing services agreement dated 25 October 2007 entered into between the Company and NiuBaoTun Processing Factory, pursuant to which NiuBaoTun Processing Factory agrees to provide processing services to the Company at market prices for a term of up to 31 December 2009

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TRT”	Beijing Tongrentang Company Limited (北京同仁堂股份有限公司), a joint stock limited company established in the PRC, the shares of which have been listed on the Shanghai Stock Exchange A Shares Market since 1997, and is the holding company of the Company
“TRT HK”	Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司), a limited company established in Hong Kong owned as to 51% by the Company and 49% by TRT
“TRT Overseas Distribution Agreement”	the distribution agreement dated 25 October 2007 entered into between TRT and TRT HK, pursuant to which TRT HK is appointed as a non-exclusive distributor of the products of TRT for a term of up to 31 December 2009

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

Beijing, the PRC, 25 October 2007

As at the date of this announcement, the board of Directors comprises (i) Mr. Yin Shun Hai, Mr. Mei Qun, Mr. Zhang Sheng Yu, Mr. Wang Quan, Ms. Ding Yong Ling and Mr. Kuang Gui Shen as executive Directors; (ii) 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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