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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: 1666 )

### **CONNECTED TRANSACTIONS**

The Board announces that on 20 October 2010, TRT HK (a 51% owned subsidiary of the Company) entered into (i) the Equity Transfer Agreement I with the Company whereby the Company has agreed to transfer its interests in each of TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia) to TRT HK for an aggregate consideration of HK\$18,854,163 (equivalent to RMB16,503,994), which shall be settled by the issuance and allotment of new shares of TRT HK; (ii) the Equity Transfer Agreement II with TRT Ltd. (the controlling shareholder of the Company) whereby TRT Ltd. has agreed to transfer its entire interests in each of TRT (Boryung) and TRT (Thailand) to TRT HK for an aggregate consideration of HK\$8,489,200 (equivalent to RMB7,431,022), which shall be settled by the issuance and allotment of new shares of TRT HK; and (iii) the Equity Transfer Agreement III with TRT International whereby TRT International has agreed to transfer its entire interests in each of TRT (Australia), TRT (Singapore) and TRT (Brunei) to TRT HK for a cash consideration of HK\$ 17,382,623.

#### **GENERAL**

TRT HK is a 51%-owned subsidiary of the Company and is also a 49%-owned company of TRT Ltd., the controlling shareholder of the Company whereas TRT International is a 99.5%-owned subsidiary of TRT Holdings, the ultimate controlling shareholder of the Company; thus, TRT HK, TRT Ltd. and TRT International are connected persons of the Company under the Listing Rules and the Transfer constitutes a connected transaction of the Company.

The Transfer involves (i) a disposal of the Company's interests in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia) to TRT HK; (ii) an acquisition of TRT Ltd.'s interests in TRT (Boryung) and TRT (Thailand) and TRT International's interests in TRT (Australia), TRT (Singapore) and TRT (Brunei) by the Company through TRT HK; and (iii) an indirect acquisition of further shareholdings in TRT HK by the Company from 51% to 53.09%. Pursuant to Rule 14.24 of the Listing Rules, in the case of a transaction involving both acquisition and disposal elements, the transaction should be classified by reference to the larger of the acquisition or the disposal. As each of the highest applicable percentage ratio applicable to the acquisition element (items (ii) and (iii)) and disposal element of the Transfer is more than 0.1% but less than 5%, the Transfer is therefore only subject to the reporting and announcement requirements and exempt from the independent shareholders' approval under the Listing Rules.

## **EQUITY TRANSFER AGREEMENTS**

### **(1) Equity Transfer Agreement I**

#### **Date**

20 October 2010

#### **Parties**

- (i) The Company; and
- (ii) TRT HK, a 51%-owned subsidiary of the Company.

#### **Transaction**

Pursuant to the Equity Transfer Agreement I, the Company has agreed to transfer 60%, 51%, 51% and 50% shareholdings in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia), respectively, held by it to TRT HK for an aggregate consideration of HK\$18,854,163 (equivalent to RMB16,503,994).

The remaining shareholdings in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia) are held by independent third parties not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

#### **Consideration and terms of payment**

The aggregate consideration of HK\$18,854,163 (equivalent to RMB16,503,994) for Equity Transfer Agreement I will be satisfied by TRT HK by way of issuance and allotment of 16,156,095 new shares of TRT HK to the Company on the date of completion of Equity Transfer Agreement I.

The aggregate consideration of HK\$18,854,163 (equivalent to RMB16,503,994) was determined by the Company and TRT HK after arm's length negotiations by reference to (i) the aggregate net asset value of RMB 16,503,994 attributable to the 60%, 51%, 51%, 50% shareholdings in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia), respectively, as at 31 December 2009; and (ii) the business prospects of TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia).

### **(2) Equity Transfer Agreement II**

#### **Date**

20 October 2010

#### **Parties**

- (i) TRT HK, a 51%-owned subsidiary of the Company; and
- (ii) TRT Ltd., the controlling shareholder of the Company.

## **Transaction**

Pursuant to the Equity Transfer Agreement II, TRT Ltd. has agreed to transfer 51% and 49% shareholdings in TRT (Boryung) and TRT (Thailand), respectively, held by it to TRT HK for an aggregate consideration of HK\$8,489,200 (equivalent to RMB7,431,022).

The remaining shareholdings in TRT (Boryung) and TRT (Thailand) are held by independent third parties not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

## **Consideration and terms of payment**

The aggregate consideration of HK\$8,489,200 (equivalent to RMB7,431,022) for Equity Transfer Agreement II will be satisfied by TRT HK by way of issuance and allotment of 7,274,378 new shares of TRT HK to TRT Ltd. on the date of completion of Equity Transfer Agreement II.

The aggregate consideration of HK\$8,489,200 (equivalent to RMB7,431,022) was determined by TRT HK and TRT Ltd. after arm's length negotiations by reference to (i) the aggregate net asset value of RMB7,431,022 attributable to the 51% and 49% shareholdings of TRT (Boryung) and TRT (Thailand), respectively, as at 31 December 2009; and (ii) the business prospects of TRT (Boryung) and TRT (Thailand).

## **(3) Equity Transfer Agreement III**

### **Date**

20 October 2010

### **Parties**

- (i) TRT HK, a 51%-owned subsidiary of the Company; and
- (ii) TRT International, a 99.5%-owned subsidiary of TRT Holdings.

## **Transaction**

Pursuant to the Equity Transfer Agreement III, TRT International has agreed to transfer 75%, 51% and 51% shareholdings in TRT (Australia), TRT (Singapore) and TRT (Brunei), respectively, held by it to TRT HK for a cash consideration of HK\$17,382,623.

The remaining shareholdings in TRT (Australia), TRT (Singapore) and TRT (Brunei) are held by independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

## **Consideration and terms of payment**

The aggregate consideration for Equity Transfer Agreement III is HK\$17,382,623 and was determined by TRT HK and TRT International after arm's length negotiations by reference to (i) the aggregate net asset value of HK\$17,382,623 attributable to the 75%, 51% and 51% shareholdings in TRT (Australia), TRT (Singapore) and TRT (Brunei), respectively, as at 31 December 2009; and (ii) the business prospects of TRT (Australia), TRT (Singapore) and TRT (Brunei).

## Conditions precedent

The completion of the Transfer is conditional upon the fulfillment of, among other matters, the followings:

1. the representations, warranties and undertakings given by the parties under the Equity Transfer Agreements remaining true and accurate in all material respects on the date of completion of the Transfer;
2. the obtaining of required written waivers from each of the Target Companies' shareholders (other than the Company, TRT Ltd. and TRT International) waiving their pre-emptive rights in relation to the Transfer; and
3. if applicable, the obtaining of all consents from government or regulatory authorities or third parties by the parties under the Equity Transfer Agreements which are necessary in connection with the execution and performance of the Equity Transfer Agreements and any of the transactions contemplated thereunder.

If the above conditions cannot be fulfilled or (as to condition 1 above) waived by TRT HK on or before 31 March 2011 (or such later date as may be agreed by the parties in writing), the Equity Transfer Agreements will lapse and be of no further effect, and no party to the Equity Transfer Agreements shall have any claim against or liability to the other, save in respect of any antecedent breaches. The transactions contemplated under each of the Equity Transfer Agreement I, Equity Transfer Agreement II and Equity Transfer Agreement III are not inter-conditional with each other.

## Completion

Completion of the Transfer shall take place within 5 Business Days after the fulfillment or (as to condition 1 above) waiver of the conditions precedent above or such other date as agreed by the parties.

Upon completion of the Transfer, TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia) will continue to be the joint ventures of the Group and will be owned as to 60%, 51%, 51% and 50%, respectively, by TRT HK. TRT (Boryung) and TRT (Thailand) will become joint ventures of the Group and be owned as to 51% and 49% by TRT HK, while TRT (Australia), TRT (Singapore) and TRT (Brunei) will become subsidiaries of the Group and be owned as to 75%, 51% and 51%, respectively, by TRT HK.

The shareholding structures of TRT HK as at the date of this announcement and upon completion of the Transfer are as follows:

	<i>As at the date of this announcement</i>	<i>Upon completion of the Transfer</i>
<b>The Company</b>	90,780,000 (51%)	106,936,095 (53.09%)
<b>TRT Ltd.</b>	87,220,000 (49%)	94,494,378 (46.91%)
<b>Total</b>	<b>178,000,000</b> <b>(100%)</b>	<b>201,430,473</b> <b>(100%)</b>

Save for the aforesaid, the Board does not expect that there will be any gain or loss accrued to the disposal part of the Transfer.

## INFORMATION OF THE TARGET COMPANIES

The Target Companies are all principally engaged in the retailing of Chinese medicine in their respective places of incorporation.

Further financial information of the Target Companies prepared under accounting principles generally accepted in the countries in which the Target Companies operate is set out as follows:

	Original Capital Contribution	Total asset value as at 31 December 2009	Net asset value as at 31 December 2009	Net profit/(loss) before taxation and extraordinary items		Net profit/ (loss) after taxation and extraordinary items	
				For the year ended 31 December		For the year ended 31 December	
				2008	2009	2008	2009
<b>The Company</b>							
TRT (Malaysia)	US\$300,000 (60%)	RMB 10,660,056	RMB 9,527,641	RMB 1,368,655	RMB 1,654,538	RMB 1,021,364	RMB 1,259,990
TRT (Macau)	US\$255,000 (51%)	RMB 10,715,784	RMB 7,782,016	RMB 1,354,346	RMB 2,429,728	RMB 1,282,838	RMB 2,210,278
TRT (Canada)	US\$510,000 (51%)	RMB 6,442,027	RMB 5,878,356	RMB (677,396)	RMB 1,223,127	RMB (677,396)	RMB 1,223,127
TRT (Indonesia)	US\$500,000 (50%)	RMB 8,203,433	RMB 7,641,240	RMB 234,942	RMB 991,646	RMB 234,942	RMB 991,646
<b>TRT Ltd.</b>							
TRT (Boryung)	US\$765,000 (51%)	RMB 4,393,370	RMB 4,381,145	RMB (813,404)	RMB (823,171)	RMB (751,523)	RMB (801,403)
TRT (Thailand)	US\$490,000 (49%)	RMB 13,699,225	RMB 10,605,383	RMB 1,138,160	RMB 794,913	RMB 1,138,160	RMB 794,913
<b>TRT International</b>							
TRT (Australia)	AUD 750,000 (75%)	AUD 2,716,137	AUD 1,822,179	AUD 292,741	AUD 423,683	AUD 204,919	AUD 296,578
TRT (Singapore)	SGD 437,070 (51%)	SGD 2,856,953	SGD 2,101,160	SGD 729,675	SGD 709,384	SGD 602,892	SGD 615,052
TRT (Brunei)	US\$255,000 (51%)	BND 798,130	BND 729,804	N/A	BND 4,804	N/A	BND 4,804

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS**

It is one of the key development strategies of the Company to expand into the overseas markets (places outside the PRC). Currently, apart from that the pharmaceutical joint ventures set up by the Company in Malaysia, Canada, Macau and Indonesia, TRT Ltd. has set up pharmaceutical joint ventures in Korea and Thailand and TRT International has also set up same kinds of joint ventures in Singapore, Australia and Brunei. The Company has also set up a joint venture with TRT Ltd. in Hong Kong, namely TRT HK. To further strengthen the management of the overseas joint ventures and facilitate the overseas expansion, the Company has considered using TRT HK as its platform to consolidate its overseas resources by concentrating all the shareholdings of the overseas joint ventures under TRT HK. TRT HK will be the core overseas investment vehicle responsible for the management of the existing and new overseas joint ventures and the development of the overseas markets. The Company considers that the Transfer will be beneficial in improving the management level and increasing the earning capacity of the overseas joint ventures so as to further develop the overseas markets and increase the overseas market share of the products under the brand "Tongrentang". At the same time, the proposed integration will facilitate the increase in scale of TRT HK and its further development.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreements and the Transfer (including the consideration) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

TRT HK is a 51% owned subsidiary of the Company and is also a 49%-owned company of TRT Ltd., the controlling shareholder of the Company whereas TRT International is a 99.5%-owned subsidiary of TRT Holdings, the ultimate controlling shareholder of the Company; thus, TRT HK, TRT Ltd. and TRT International are connected persons of the Company under the Listing Rules and the Transfer constitutes a connected transaction of the Company.

The Transfer involves (i) a disposal of the Company's interests in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia) to TRT HK; (ii) an acquisition of TRT Ltd.'s interests in TRT (Boryung) and TRT (Thailand) and TRT International's interests in TRT (Australia), TRT (Singapore) and TRT (Brunei) by the Company through TRT HK; (iii) an indirect acquisition of further shareholdings in TRT HK by the Company from 51% to 53.09%. Pursuant to Rule 14.24 of the Listing Rules, in the case of a transaction involving both acquisition and disposal elements, the transaction should be classified by reference to the larger of the acquisition or the disposal. As each of the highest applicable percentage ratio applicable to the acquisition element (items (ii) and (iii)) and the disposal element of the Transfer is more than 0.1% but less than 5%, the Transfer is therefore only subject to the reporting and announcement requirements and exempt from the independent shareholders' approval under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Company confirms that there is no other transaction entered into between any member of the Group with TRT HK or TRT Ltd. or TRT International or their respective associates (as defined under the Listing Rules) within a 12-month period to the date of this announcement or otherwise related, which would be, together with the Transfer, regarded as a series of transactions and treated as if they are one transaction under Rule 14A.25 of the Listing Rules.

Mr. Mei Qun, Mr. Yin Shun Hai, Mr. Wang Yu Wei and Ms. Ding Yong Ling (who are directors of TRT Chinese Medicine), have material interests in the Transfer and have abstained from voting on the resolutions to approve the Equity Transfer Agreements and the Transfer. Save as disclosed, there is no other Director who has a material interest in the transaction contemplated under the Equity Transfer Agreements.

## **GENERAL INFORMATION**

### **The Company**

The Group is engaged in the manufacturing and sale of Chinese medicine.

### **TRT HK**

TRT HK is principally engaged in the development, manufacturing, processing and sale of Chinese medicine and health supplement products in Hong Kong.

### **TRT Ltd.**

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

### **TRT International**

TRT International is principally engaged in overseas investment.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

"AUD"	Australian dollars, the lawful currency of Australia
"BND"	Bruneian dollars, the lawful currency of Brunei
"Board"	the board of directors of the Company
"Business Day(s)"	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for retail business and excluding any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 12 noon and is not lowered at or before 12 noon
"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 in the PRC with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1666)
"Director(s)"	the director(s) of the Company

"Equity Transfer Agreement I"	the equity transfer agreement entered into between the Company and TRT HK on 20 October 2010 in respect of the transfer of the 60%, 51%, 51% and 50% shareholdings in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia), respectively, held by the Company to TRT HK
"Equity Transfer Agreement II"	the equity transfer agreement entered into between TRT HK and TRT Ltd. on 20 October 2010 in respect of the transfer of the 51% and 49% shareholdings in TRT (Boryung) and TRT (Thailand), respectively, held by TRT Ltd. to TRT HK
"Equity Transfer Agreement III"	the equity transfer agreement entered into between TRT HK and TRT International on 20 October 2010 in respect of the transfer of the 75%, 51% and 51% shareholdings in TRT (Australia), TRT (Singapore) and TRT (Brunei), respectively, held by TRT International to TRT HK
"Equity Transfer Agreements"	collectively, the Equity Transfer Agreement I, Equity Transfer Agreement II and Equity Transfer Agreement III
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SGD"	Singapore dollars, the lawful currency of Singapore
"Shareholders"	the shareholders of the Company
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Target Companies"	collectively, TRT (Boryung), TRT (Canada), TRT (Indonesia), TRT (Macau), TRT (Malaysia), TRT (Thailand), TRT (Australia), TRT (Singapore) and TRT (Brunei)



"Transfer"	(i) the transfer of the 60%, 51%, 51% and 50% shareholdings in TRT (Malaysia), TRT (Macau), TRT (Canada) and TRT (Indonesia), respectively, held by the Company to TRT HK contemplated under the Equity Transfer Agreement I; (ii) the transfer of the 51% and 49% shareholdings in TRT (Boryung) and TRT (Thailand), respectively, held by TRT Ltd. to TRT HK contemplated under the Equity Transfer Agreement II; and (iii) the transfer of the 75%, 51% and 51% shareholdings in TRT (Australia), TRT (Singapore) and TRT (Brunei), respectively, held by TRT International to TRT HK contemplated under the Equity Transfer Agreement III
"TRT (Australia)"	Beijing Tong Ren Tang Australia Pty. Ltd., incorporated in Australia, and a 75%-owned subsidiary of TRT International as at the date of this announcement
"TRT (Boryung)"	Beijing Tong Ren Tang (Boryung) Co., Ltd., incorporated in Korea, and owned as to 51% by TRT Ltd. as at the date of this announcement
"TRT (Brunei)"	Beijing Tong Ren Tang (B) SDN BHD, incorporated in Brunei, and a 51%-owned subsidiary of TRT International as at the date of this announcement
"TRT (Canada)"	Beijing Tong Ren Tang Canada Co., Ltd., incorporated in Canada and owned as to 51% by the Company as at the date of this announcement
"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 Ltd. as at the date of this announcement
"TRT Holdings"	China Beijing Tong Ren Tang Group Co., Ltd., (中國北京同仁堂(集團)有限責任公司), a company established in the PRC and is the ultimate holding company of the Company
"TRT (Indonesia)"	PT. Beijing Tong Ren Tang Indo, incorporated in Indonesia and owned as to 50% by the Company as at the date of this announcement
"TRT International"	Beijing TRT International Co., Ltd., a company incorporated in Hong Kong and owned as to 99.5% by TRT Holdings as at the date of this announcement

"TRT Ltd."	Beijing Tong Ren Tang 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 (stock code: 600085) since 1997, and is the holding company of the Company
"TRT (Macau)"	Beijing Tong Ren Tang (Macau) Company Limited , incorporated in Macau and owned as to 51% by the Company as at the date of this announcement
"TRT (Malaysia)"	Peking Tongrentang (M) SDN. BHD., incorporated in Malaysia and owned as to 60% by of the Company as at the date of this announcement
"TRT (Singapore)"	Beijing Tong Ren Tang Science Arts (Singapore) Co Pte. Ltd., incorporated in Singapore, and a 51%- owned subsidiary of TRT International as at the date of this announcement
"TRT (Thailand)"	Beijing Tong Ren Tang (Thailand) Co., Ltd., incorporated in Thailand and owned as to 49% by TRT Ltd. as at the date of this announcement

*Unless otherwise specified, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 = HK\$1.1424 for the purpose of illustration only. No representation is made and there is no assurance that RMB or HK\$ can be purchased or sold at such rate.*

By order of the Board  
**Tong Ren Tang Technologies Co., Ltd.**  
**Mei Qun**  
*Chairman of the Board*

Beijing, the PRC, 20 October 2010

*As at the date of this announcement, the board of Directors comprises Mr. Mei Qun, Mr. Yin Shun Hai, Mr. Wang Yu Wei, Ms. Fang Jia Zhi and Mr. Xie Zhan Zhong as executive Directors; Ms. Ding Yong Ling as non-executive Director; Miss Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.*