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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 TRANSACTION**  
**FURTHER ACQUISITION OF 9% EQUITY INTEREST IN**  
**TANGSHAN COMPANY FROM CHINESE MEDICINE GROUP CO., LTD.**

Reference is made to the announcement of the Company dated 11 December 2013 in relation to the acquisition of 59% equity interest in Tangshan Company from Chinese Medicine Group Co., Ltd.

The Board hereby announces that on 16 July 2014, the Company entered into the Equity Transfer Agreement with Chinese Medicine Group Co., Ltd. in respect of further acquisition of 9% equity interest in Tangshan Company at a consideration of RMB 10.94 million. Upon completion of the transaction under the Equity Transfer Agreement, the Company's direct equity interest in Tangshan Company will increase to 74%, and Chinese Medicine Group Co., Ltd. will no longer hold any equity interest in Tangshan Company.

Chinese Medicine Group Co., Ltd. is a non wholly-owned subsidiary of the Company in which Tong Ren Tang Ltd., the intermediate holding company of the Company, holds 46.91% equity interest. Therefore, Chinese Medicine Group Co., Ltd. is a connected person of the Company as defined under Rule 14A.07 and 14A.16 of the Hong Kong Listing Rules. Accordingly, the transaction between the Company and Chinese Medicine Group Co., Ltd. under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Company has aggregated the transaction under this Equity Transfer Agreement with the equity transfer agreement regarding the acquisition of 59% equity interest in Tangshan Company from Chinese Medicine Group Co., Ltd. as mentioned above, for the purpose of calculation of the size of such transactions in accordance with the relevant requirements of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) calculated both before and after such aggregation exceed 0.1% but are all less than 5%, the transaction under the Equity Transfer Agreement is only subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## I. BACKGROUND

Reference is made to the announcement of the Company dated 11 December 2013 in relation to the acquisition of 59% equity interest in Tangshan Company from Chinese Medicine Group Co., Ltd.

On 16 July 2014, the Company entered into the Equity Transfer Agreement with Chinese Medicine Group Co., Ltd. in respect of further acquisition of 9% equity interest in Tangshan Company at a consideration of RMB 10.94 million, which was determined according to the appraised value of the Target Asset as at the Valuation Date as stated in the valuation report issued by Zhongshang Assets Valuation Co., Ltd.

Upon completion of the transaction under the Equity Transfer Agreement, the Company's direct equity interest in Tangshan Company will increase to 74%, and Chinese Medicine Group Co., Ltd. will no longer hold any equity interest in Tangshan Company.

## II. EQUITY TRANSFER AGREEMENT

<b>Date:</b>	16 July 2014
<b>Parties:</b>	Chinese Medicine Group Co., Ltd., as the transferor  the Company, as the transferee
<b>Target Asset:</b>	9% equity interest in Tangshan Company owned by the transferor
<b>Effective Date:</b>	The Equity Transfer Agreement shall take effect on the date of being signed by the authorized representatives of the parties or being chopped with the official chops of the parties.
<b>Conditions Precedent:</b>	Completion of the transfer of the Target Asset is conditional upon the fulfilment of the following conditions:  <ol style="list-style-type: none"><li>1. Chinese Medicine Group Co., Ltd. having obtained all necessary approvals and authorizations in respect of the transfer of the Target Asset in accordance with the requirements of the laws and its articles of association, including the approval by its board of directors;</li><li>2. written consent from the other shareholders of Tangshan Company (excluding the Company) in respect of the transfer of the Target Asset to the Company having been obtained by the transferor; and</li><li>3. the Company having completed all necessary approval or authorization process in respect of the acquisition of the Target Asset in accordance with the requirements of the laws, regulations, the Hong Kong Listing Rules and the Articles of Association.</li></ol>

<b>Consideration:</b>	RMB 10.94 million, which was determined according to the appraised value of the Target Asset as at the Valuation Date, being 31 October 2013.  The valuation of the Target Asset was conducted through the asset-based approach.
<b>Payment Arrangements:</b>	The consideration will be settled in RMB (or equivalent amount in HK\$) in cash and shall be paid to the bank account of Chinese Medicine Group Co., Ltd. in one tranche within 90 days commencing from the date of completion of the business registration regarding the change of equity and the issuance of new business license of Tangshan Company by the registration authority.
<b>Closing Date</b>	The closing date shall be the date of completion of (i) the business registration regarding the change of equity and the issuance of new business license of Tangshan Company by the registration authority; and (ii) the payment of the consideration to the bank account of Chinese Medicine Group Co., Ltd. by the Company.  Completion of the transaction under the Equity Transfer Agreement shall take place on the Closing Date.

### III. INFORMATION OF TANGSHAN COMPANY

Tangshan Company was established in September 2010 with a total registered capital of RMB120 million, which was contributed as to 68% by Chinese Medicine Group Co., Ltd., as to 6% by the Company, as to 20% by Tangshan Jiayi Packaging Industries Co., Ltd. (唐山佳億包裝工業有限公司) and as to 6% by Bozhou Jingqiao Medicine Co., Ltd. (亳州市京譙醫藥有限責任公司). The business scope of Tangshan Company includes the production and sale of gel products.

The audited net assets value of Tangshan Company as at 31 December 2013 was RMB 105,774,786. The net profits (both before and after taxation) attributable to the Target Asset for the two financial years ended 31 December 2013 were as follows:

	<i>For the year ended 31 December 2012 (RMB)</i>	<i>For the year ended 31 December 2013 (RMB)</i>
Net profit (before taxation) attributable to the Target Asset	-502,142	-611,427
Net profit (after taxation) attributable to the Target Asset	-502,142	-659,014

The share structure of Tangshan Company as at the date of this announcement and upon completion of the transaction under the Equity Transfer Agreement is as follows:

Shareholder	<i>Equity interest as at the date of this announcement (%)</i>	<i>Equity interest upon completion of the transaction under the Equity Transfer Agreement (%)</i>
The Company	65*	74
Chinese Medicine Group Co., Ltd.	9	0
Tangshan Jiayi Packaging Industries Co., Ltd.	20	20
Bozhou Jingqiao Medicine Co., Ltd.	6	6

\* Up to the date of this announcement, the registration of such increased shareholding of the Company in Tangshan Company is still in process and has not yet been completed.

#### **IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The glue shop of Tangshan Company successfully passed certification under the new edition of GMP in 2013. After commencement of production, it is expected to expand production capacity of its glue production series, and progressively develop a glue product portfolio to further diversify the Group's product lines. The Directors consider that the acquisition of the Target Asset will further increase the Company's direct shareholding in Tangshan Company and then generate higher returns to the Group in the future.

The Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement was entered into after arm's length negotiation and on normal commercial terms, and although the transaction thereunder is not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and such transaction is in the interests of the Company and its shareholders as a whole.

#### **V. HONG KONG LISTING RULES IMPLICATIONS**

Chinese Medicine Group Co., Ltd. is a non wholly-owned subsidiary of the Company in which Tong Ren Tang Ltd., the intermediate holding company of the Company, holds 46.91% equity interest. Therefore, Chinese Medicine Group Co., Ltd. is a connected person of the Company as defined under Rule 14A.07 and 14A.16 of the Hong Kong Listing Rules. Accordingly, the transaction between the Company and Chinese Medicine Group Co., Ltd. under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Company has aggregated the transaction under this Equity Transfer Agreement with the equity transfer agreement regarding the acquisition of 59% equity interest in Tangshan Company from Chinese Medicine Group Co., Ltd. as mentioned above, for the purpose of calculation of the size of such transactions in accordance with the relevant requirements of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) calculated both before and after such aggregation exceed 0.1% but are all less than 5%, the transaction under the Equity Transfer Agreement is only subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As Mr. Mei Qun, being a director of the Company, is also a director of both of Chinese Medicine Group Co., Ltd. and Tong Ren Tang Ltd., and another director of the Company, Mr. Wang Yu Wei, is also a director of Chinese Medicine Group Co., Ltd., both of them are deemed to have material interest in the Equity Transfer Agreement and have thus abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has material interest in the transaction under the Equity Transfer Agreement.

## **VI. GENERAL INFORMATION ON THE PARTIES**

### **The Group**

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

### **Chinese Medicine Group Co., Ltd.**

Chinese Medicine Group Co., Ltd. is principally engaged in the promotion of traditional Chinese medicine culture.

## **VII. DEFINITIONS**

"Articles of Association"	means the articles of association of the Company
"Board"	means the board of Directors
"Chinese Medicine Group Co., Ltd."	means Beijing Tong Ren Tang Chinese Medicine (Hong Kong) Group Co., Limited (北京同仁堂國藥(香港)集團有限公司), a company incorporated in Hong Kong with limited liability
"Company"	means 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 PRC with limited liability and whose H shares are listed on the Main Board of the Hong Kong Stock Exchange

"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	means the director(s) of the Company
"Equity Transfer Agreement"	means the equity transfer agreement entered into on 16 July 2014 between the Company and Chinese Medicine Group Co., Ltd. in respect of the acquisition of 9% equity interest in Tangshan Company
"Group"	means the Company and its subsidiaries
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"HK\$"	means Hong Kong dollars, the lawful currency of Hong Kong
"PRC"	means the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Tangshan Company"	means Beijing Tong Ren Tang (Tangshan) Nutrition and Healthcare Co., Ltd. (北京同仁堂(唐山)營養保健品有限公司), a company incorporated under the laws of the PRC with limited liability
"Target Asset"	means 9% equity interest in Tangshan Company owned by Chinese Medicine Group Co., Ltd. and the subject of the transaction under the Equity Transfer Agreement
"Tong Ren Tang Holdings"	means China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company

"Tong Ren Tang Ltd." means 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 since 1997, and the intermediate holding company of the Company

"Valuation Date" 31 October 2013

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

Beijing, the PRC  
16 July 2014

*As at the date of this announcement, the Board comprises Mr. Mei Qun, Mr. Wang Quan, Mr. Gong Qin, Mr. Wang Yu Wei and Ms. Fang Jia Zhi as executive Directors; Ms. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.*