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

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

(Stock Code: 1666)

**REVISION OF THE 2015 AND 2016 ANNUAL CAPS FOR
THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED
UNDER THE DISTRIBUTION FRAMEWORK AGREEMENT**

As disclosed in the announcement of the Company dated 10 October 2013 and the circular of the Company dated 28 October 2013, the Company and Tong Ren Tang Holdings renewed the Distribution Framework Agreement on 10 October 2013, pursuant to which the Group has agreed to sell its products to Tong Ren Tang Group, and Tong Ren Tang Group, as a non-exclusive distributor of the Group, has agreed to purchase products from the Group and then distribute the same to retailers and/or end-users for a term of three years from 1 January 2014 to 31 December 2016.

With the continuing development of the Group, and based on estimates of demand and operating conditions, the Directors expect that the existing 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement will be insufficient for the Group's requirements and propose the same to be revised.

Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the Distribution Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Revised Annual Caps exceed 5%, such proposed revision of the 2015 and 2016 annual caps is subject to independent shareholders' approval requirement in addition to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company will seek approval from the independent Shareholders for the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement, at an annual general meeting to be convened. Tong Ren Tang Holdings and its associates shall abstain from voting in respect of the relevant resolution at the meeting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the independent Shareholders in relation to the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement, and China Everbright Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among others, further details of the Revised Annual Caps, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, together with a notice convening the annual general meeting, will be despatched to the Shareholders in due course.

I. BACKGROUND

As disclosed in the announcement of the Company dated 10 October 2013 and the circular of the Company dated 28 October 2013, the Company and Tong Ren Tang Holdings renewed the Distribution Framework Agreement on 10 October 2013, pursuant to which the Group has agreed to sell its products to Tong Ren Tang Group, and Tong Ren Tang Group, as a non-exclusive distributor of the Group, has agreed to purchase products from the Group and then distribute the same to retailers and/or end-users for a term of three years from 1 January 2014 to 31 December 2016, and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2016 are set as follows:

Original Annual Caps

Transactions	Year ended 31 December 2014 <i>(RMB millon)</i>	Year ending 31 December 2015 <i>(RMB millon)</i>	Year ending 31 December 2016 <i>(RMB millon)</i>
Transactions between the Group and Tong Ren Tang Group under the Distribution Framework Agreement	470	580	740

II. REVISION OF THE 2015 AND 2016 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE DISTRIBUTION FRAMEWORK AGREEMENT

Actual Transaction Amount of the Continuing Connected Transactions under the Distribution Framework Agreement

The actual transaction amount of the continuing connected transactions under the Distribution Framework Agreement for the year ended 31 December 2014 as known to the Directors is as follows:

For the year ended 31 December 2014 *(RMB millon)*

Actual Transaction Amount 436

The Directors have been monitoring the transaction amount under the Distribution Framework Agreement and for the year ended 31 December 2014 and as at the date of this announcement, the 2014 annual caps has not been exceeded.

Revised Annual Caps for the Two Years Ending 31 December 2016

With the continuing development of the Group, and based on estimates of demand and operating conditions, the Directors expect that the existing 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement will not be sufficient for the Group's requirements.

The Board therefore proposed to revise the existing 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement as follows:

Revised Annual Caps

Transactions	Year ending 31 December 2015 <i>(RMB millon)</i>	Year ending 31 December 2016 <i>(RMB millon)</i>
Transactions between the Group and Tong Ren Tang Group under the Distribution Framework Agreement	910	1,300

Reasons for the Revision of the Annual Caps

In arriving at the Revised Annual Caps, in addition to the reasons for determining the existing annual caps as stated in the announcement of the Company dated 10 October 2013 and the circular of the Company dated 28 October 2013, the Directors have further considered the following factors:

- (i) the actual transaction amount for the year ended 31 December 2014 and the original annual caps for the two years ending 31 December 2016;
- (ii) from 2015 onwards, the Company will select certain products and sell the same solely to Tong Ren Tang Group excluding other distributors. Such change in sales model will lead to an increase in the sales amount of such products under the Distribution Framework Agreement by four or five times as compared with the original sales model;
- (iii) the expected expansion of distribution network with the brand of "Tong Ren Tang" of Tong Ren Tang Group will also lead to an increase in the transaction volume and transaction amount under the Distribution Framework Agreement;
- (iv) in order to increase the market share and sales amount of the Group's products and take full advantage of its resources, the Company will further expand the sales of the Group's products through the sales network with the brand of "Tong Ren Tang"; and
- (v) a buffer has been included for the estimated amount of sales of products under the Distribution Framework Agreement for any unexpected increase in the aforesaid amount in 2015 and 2016.

The Directors (excluding the independent non-executive Directors whose view will be given after receiving the advice from the Independent Financial Adviser) are of the view that the above-mentioned revision of the annual caps is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

III. HONG KONG LISTING RULES IMPLICATIONS

Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the Distribution Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Revised Annual Caps exceed 5%, such proposed revision of the 2015 and 2016 annual caps is subject to independent Shareholders' approval in addition to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company will seek approval from the independent Shareholders for the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement, at an annual general meeting to be convened. Tong Ren Tang Holdings and its associates shall abstain from voting in respect of the relevant resolution at the meeting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the independent Shareholders in relation to the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement, and China Everbright Capital has been appointed as an Independent Financial Advisor to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among others, further details of the Revised Annual Caps, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, together with a notice convening the annual general meeting, will be despatched to the Shareholders in due course.

As Mr. Mei Qun is also a director of Tong Ren Tang Holdings, he is deemed to have material interest in the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement and has thus abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in the above-mentioned revision of the annual caps.

IV. GENERAL INFORMATION ON THE PARTIES

The Company

The Company is engaged in the manufacturing and sale of Chinese medicines.

Tong Ren Tang Holdings

Tong Ren Tang Holdings is principally engaged in the processing, manufacture and sale of Chinese medicinal materials, Chinese patent medicine, Chinese medicinal decoction pieces, medical food, warehousing and transportation, etc..

V. DEFINITIONS

"associate"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Board"	means the board of Directors
"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 company incorporated in the PRC with limited liability and the H shares of which 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
"Distribution Framework Agreement"	means the distribution framework agreement entered into between the Company and Tong Ren Tang Holdings on 15 April 2008, and renewed by the parties on 18 January 2011 and 10 October 2013, pursuant to which the Group has agreed to sell its products to Tong Ren Tang Group, and Tong Ren Tang Group, as a non-exclusive distributor of the Group, has agreed to purchase products from the Group and then distribute the same to retailers and/or end-users
"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
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited

"Independent Board Committee"	Board	means the independent board committee comprising all independent non-executive Directors, namely Miss. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan, which was established to advise the independent Shareholders in relation to the revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement
"Independent Financial Adviser" or "China Everbright Capital"	Financial	means China Everbright Capital Limited, a licensed corporation under the Securities and Futures Ordinance to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed to advise the Independent Board Committee and the independent Shareholders in relation to the proposed revision of the 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement
"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
"Revised Annual Caps"		means the revised 2015 and 2016 annual caps for the continuing connected transactions contemplated under the Distribution Framework Agreement
"RMB"		means Renminbi, the lawful currency of the PRC
"Shareholder(s) "		means the shareholder(s) of the Company
"Tong Ren Tang Group"		means Tong Ren Tang Holdings and its subsidiaries (either directly owned or indirectly owned) and associates (other than the Group)
"Tong Ren Tang Holdings"	Tong Ren Tang	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 under the laws of the PRC and the ultimate controlling shareholder of the Company

By order of the board of directors
Tong Ren Tang Technologies Co. Ltd.
Mei Qun
Chairman

Beijing, the PRC
20 March 2015

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; Miss. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.