



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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

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This announcement, for which the directors of Tong Ren Tang Technologies Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Tong Ren Tang Technologies Co., Ltd. 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 were founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

I am pleased to present the annual results announcement of Tong Ren Tang Technologies Co., Ltd. (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") and joint ventures for the year ended 31 December 2007 for shareholders' review.

RESULTS OF THE YEAR

For the year ended 31 December 2007, the Company's revenue amounted to RMB1,157,030,000, representing an increase of 11.82% over the corresponding period last year; profit attributable to the equity shareholders of the Company amounted to RMB153,520,000, representing an increase of 3.50% over the corresponding period last year.

REVIEW OF THE YEAR

The medicinal sector underwent enormous changes in 2007, in which the Chinese medicinal economy began to pick up after a valley bottom last year. While the medicinal sector had been restored to a rational manner, it was under a stringent regulatory environment as special controls were implemented over pharmaceuticals, prices of pharmaceuticals fell and other new policies and measures were introduced from time to time. The Company built up its expertise and made achievements beyond its expectations in 2007, focusing on development, mechanism and cultural innovations, and guiding various tasks on the basis of the theory of scientific development as well as the spirit of reform and innovation. Through development innovation, potentials were unleashed and costs were reduced to enhance benefits, and business was expanded externally to increase the size of development; through mechanism innovation, a reform program on the recruitment mechanism for sales staff, marketing methods and distribution system was carried out; through cultural innovation, the Tong Ren Tang culture was further refined from the traditional culture of "Practice of Kindheartedness, Community Relief and Health Preserving" to the contemporary new cultures – the four standards of Tong Ren Tang staff as well as the three standards of Tong Ren Tang leading cadres, four advocacies and four objections – which effectively enhanced the cultural identification of all our staff. Under the favourable development conditions created last year, the Company focused on consolidating its business results and enhancing the quality of economic operation, and continuing reform and innovation programs by carrying out aggressive reform and development innovation particularly aimed at marketing and recruitment mechanisms to remove the inconsistencies between the existing mechanisms and the market, and development constraints on an ongoing basis yet keeping the essences so that we are able to cope with the ever-changing development in the medicinal sector.

During the reporting period, the Company's success to place and quote new 13,200,000 H shares on the Growth Enterprise Market of Hong Kong enable the funding of the development of an end-user sales network as well as production and business operations accordingly, making a good progress in expanding the means of financing and capital operations.

In reviewing the year, by the concerted efforts of our entire staff, the Company made progress within the regulatory regime and increased market share on an ongoing basis. A satisfactory growth in revenue was maintained and the Company as a whole demonstrated an aggressive and strong development momentum.

OUTLOOK AND PROSPECTS

The formulation and enforcement of national medicinal policies have exposed the entire medicinal sector to a dynamic change that presents both opportunities and challenges co-exist. Policies and legislation for the Chinese medicinal sector were frequently introduced in 2007, creating a turning impact on some enterprises engaged in medicine in the short run. However, in the long run, these new policies and legislation will help the Chinese medicinal sector move further towards a regulated and orderly regime, increase the concentration of the sector, foster large-sized enterprises and even ensure the safety of pharmaceuticals.

The capacity of the medicinal sector will further expand in 2008 as the reform program of China's public health system continues to deepen is intensified gradually and new rural cooperative medical service, basic medical insurance service for urban workers and basic medical insurance service for urban unemployed residents are promoted further. In particular, the rapid rise in residents' medicinal consumption will have a favourable impact on the swift development of the medicinal sector.

I, together with the Board, have full confidence in the future development of the Company. We believe, as the medical reform program is proceeding at full speed in 2008, policies for the medicinal sector will tend to remain stable, and as a result there will be far less uncertainties over the development of the sector, and the sector's concentration ratio will increase further. We will capitalize on this precious opportunity by entering into a new round of growth cycle to increase our competitiveness and business scale. I, together with all the staff of the Company, enthusiastically look forward to the bright future of Tong Ren Tang Technologies.

I hereby would like to express my sincere gratitude to the Board and all the staff of the Company for their tireless efforts and excellent performance, with my sincere respect to all the shareholders for their constant shepherding as well as their support and understanding. Just as in the past, we will continue to aim for good performance and creating value for our shareholders.

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

Beijing, the PRC
18 March 2008

ANNUAL RESULTS

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2007, together with the comparative figures for the corresponding period of 2006, as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Revenue	<i>c</i>	1,157,030	1,034,768
Cost of sales		<u>(661,228)</u>	<u>(577,247)</u>
Gross profit		495,802	457,521
Distribution costs		(185,288)	(179,881)
Administrative expenses		<u>(125,851)</u>	<u>(104,295)</u>
Operating profit		184,663	173,345
Finance costs – net	<i>d</i>	(4,915)	(2,011)
Share of result of an associated company		<u>(425)</u>	<u>(98)</u>
Profit before income tax	<i>e</i>	179,323	171,236
Income tax expense	<i>f</i>	<u>(25,664)</u>	<u>(27,780)</u>
Profit for the year		<u>153,659</u>	<u>143,456</u>
Attributable to:			
Equity holders of the Company		153,520	148,327
Minority interest		<u>139</u>	<u>(4,871)</u>
		<u>153,659</u>	<u>143,456</u>
Dividends		<u>78,400</u>	<u>73,120</u>
Earnings per share for profit attributable to equity holders of the Company during the year			
– Basic	<i>g</i>	<u>RMB 0.81</u>	<u>RMB 0.81</u>
– Diluted		<u>RMB 0.81</u>	<u>RMB 0.81</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		502,334	532,384
Leasehold land and land use rights		51,114	53,798
Investment in an associated company		–	4,751
Deferred income tax assets		1,392	360
Other long-term assets		2,267	4,131
		<u>557,107</u>	<u>595,424</u>
Current assets			
Inventories		636,521	512,213
Trade and bills receivable, net	<i>i</i>	277,723	150,789
Amounts due from related parties		18,004	16,573
Prepayments and other current assets		12,245	11,398
Short-term bank deposits		84,296	10,207
Cash and cash equivalents		161,800	203,537
		<u>1,190,589</u>	<u>904,717</u>
Total assets		<u><u>1,747,696</u></u>	<u><u>1,500,141</u></u>

CONSOLIDATED BALANCE SHEET (CONT'D)

	<i>Note</i>	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		196,000	182,800
Reserves		<u>1,101,068</u>	<u>815,454</u>
		<u>1,297,068</u>	<u>998,254</u>
Minority interest in equity		<u>122,874</u>	<u>52,968</u>
Total equity		<u>1,419,942</u>	<u>1,051,222</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,501	1,572
Deferred income – government grants		<u>12,250</u>	<u>11,236</u>
		<u>14,751</u>	<u>12,808</u>
Current liabilities			
Trade payables	<i>j</i>	205,892	152,408
Salary and welfare payables		8,782	24,531
Advances from customers		19,392	33,835
Amounts due to related parties		14,127	116,010
Current income tax liabilities		640	1,965
Accrued expenses and other current liabilities		49,170	22,362
Short-term borrowings		<u>15,000</u>	<u>85,000</u>
		<u>313,003</u>	<u>436,111</u>
Total liabilities		<u>327,754</u>	<u>448,919</u>
Total equity and liabilities		<u><u>1,747,696</u></u>	<u><u>1,500,141</u></u>

Notes:

a. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the PRC on 22 March 2000, and upon the placing of its H shares, was listed on the GEM on 31 October 2000. Its ultimate holding company is China Beijing Tong Ren Tang Group Co., Ltd, incorporated in Beijing, the PRC.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note b.

i) Standards, amendment and interpretations to existing standards effective in 2007

- IAS 1 (Amendment), ‘Capital Disclosures’
- IFRS 7, ‘Financial Instruments: Disclosures’
- IFRIC 7, ‘Applying the Restatement Approach under IAS 29, Financial Reporting in Hyper-inflationary Economies’
- IFRIC 8, ‘Scope of IFRS 2’
- IFRIC 9, ‘Re-assessment of Embedded Derivatives’
- IFRIC 10, ‘Interim Financial Reporting and Impairment’

The adoption of the above standards, amendment and interpretations to existing standards did not have any significant financial impact to the Group. The adoption of IFRS 7 and IAS 1 (Amendment) has resulted in additional disclosures on sensitivity analysis to financial risks and capital disclosures.

ii) Standards, amendment and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- Amendments to IAS 32 Financial Instruments, Presentation and IAS 1 Presentation of Financial Statements, ‘Puttable Financial Instruments and Obligations Arising on Liquidation’ (effective for the annual periods beginning on or after 1 January 2009)
- IAS 23 (Amendment), ‘Borrowing Costs’ (effective for the annual periods beginning on or after 1 January 2009)
- IAS 27 (Revised), ‘Consolidated and separate financial statements’ (effective for the annual periods beginning on or after 1 July 2009)

- IFRS 3 (Revised), ‘Business Combinations’ (effective for the annual periods beginning on or after 1 July 2009)
- IFRS 8, ‘Operating Segments ‘ (effective for the annual periods beginning on or after 1 January 2009)
- IFRIC 11, ‘IFRS 2 – Group and Treasury Share Transactions’ (effective for the annual periods beginning on or after 1 March 2007)
- IFRIC 12, ‘Service Concession Arrangements’ (effective for the annual periods beginning on or after 1 January 2008)
- IFRIC 13, ‘Customer Loyalty Programmes’ (effective for the annual periods beginning on or after 1 July 2008)
- IFRIC 14, ‘IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction’ (effective for the annual periods beginning on or after 1 January 2008)
- Amendment to IFRS 2, ‘Shared-based Payment – Vesting Conditions and Cancellations’ (effective for the annual periods beginning on or after 1 January 2009)

Change in Accounting Policy

In previous years, the Group reported its share of reserve appropriation made by the entities consolidated in the Group’s consolidated financial statements based on the respective equity interest held by the Group in these entities.

Effective from 1 January 2007, the Group began to prepare the statutory financial statements in accordance with China Accounting Standards for Business Enterprises (“CAS”). According to CAS, the Group does not make such statutory reserves appropriations upon preparing consolidation financial statements of the Group, and the corresponding changes to the statutory reserves have been retrospectively restated. As a result, the statutory reserves stated on the consolidated financial statements are equal to the Company’s statutory reserves.

The directors of the Company consider that consistent application would enhance the comparability of financial information presented in the statutory financial statements prepared under CAS as well as financial statements prepared under IFRS. This accounting treatment is also adopted when preparing the statutory financial statements under IFRS.

b. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations by each balance sheet date.

(ii) Estimated provision for impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the collectibility of trade and other receivables. Provisions for impairment are applied to trade and other receivables where events or changes in circumstances indicated that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate is changed.

(iii) Income taxes

The Group is subject to income taxes in a number of jurisdictions. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c. REVENUE

	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of medicine		
– Domestic	1,098,196	985,792
– Overseas	49,099	48,976
	1,147,295	1,034,768
Agency fee for distribution services	9,735	–
	1,157,030	1,034,768

d. FINANCE COSTS, NET

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Interest income on cash at bank and short-term bank deposits	5,472	3,257
Interest expenses on bank borrowings wholly repayable within five years	(3,629)	(4,745)
Exchange losses	(6,758)	(523)
	<u>(4,915)</u>	<u>(2,011)</u>

e. PROFIT BEFORE INCOME TAX

Profit before income tax was arrived at after charging/(crediting) the following:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Raw materials and consumables used	434,868	340,079
Change in inventories of finished goods and work in progress	(20,401)	9,512
Employee benefit expense		
– Salary and wages	88,349	81,521
– Staff welfare	9,963	9,464
– Housing fund	6,985	6,867
– Contributions to retirement schemes	24,997	21,345
Depreciation of property, plant and equipment	45,413	50,394
Amortisation of prepaid operating lease payments	2,684	2,065
Amortisation of other long-term assets	1,864	952
Inventory provision	2,462	2,311
Provision for impairment of receivables	7,594	3,290
Operating lease rental	20,240	17,023
Auditor's remuneration	1,510	1,368
Research and development costs	4,070	2,012
Advertising expenses	36,855	27,907
Loss/(gain) on disposal of property, plant and equipment	743	(152)
Recognition of government grants	(3,624)	(4,412)
	<u>(3,624)</u>	<u>(4,412)</u>

f. INCOME TAXES

Pursuant to the relevant regulations of the PRC, a new technology enterprise (“NTE”) located in a designated area of Beijing Economic and Technological Development Zone (“BETDZ”) was subject to EIT at a preferential income tax rate of 15%. Moreover, upon approval by the relevant local tax bureau, a certified NTE was entitled to full exemption from EIT for the first three years from its commencement of operations and 50% reduction in EIT for the following three years. The NTE certification is subject to annual review by the relevant government bodies. In addition, an amount equivalent to the exempted EIT has to be appropriated to a non-distributable tax reserve.

The Company is registered in the BETDZ and obtained an approval from the BETDZ Local Tax Bureau (“BETDZ LTB”) (Document Jingdishuikaijianmianfa [2000] No.23) to enjoy full exemption from EIT for years 2000 to 2002 and 50% reduction for years 2003 to 2005. In July 2006, the Company renewed its NTE certificate with Beijing Science-Technology Committee for the years 2006 and 2007. Moreover, BETDZ LTB has verbally confirmed that the above EIT preferential income tax rate of 15% could apply to the Company in 2007 as the Company was registered in BETDZ and kept its NTE status in 2007.

However, such preferential tax treatments could be subject to review by higher ranking tax authorities as Beijing Municipal State Tax Authority issued a circular in October 2002, namely Jingguoshuihan [2002] No.632, stating that only the NTEs whose registration and operation are both located in the designated area can enjoy the preferential income tax treatments for NTEs. If the above EIT preferential income tax treatments for the Company are withdrawn, additional EIT liability for this year would be approximately RMB4,388,000 (2006: RMB5,643,000; 2005: RMB63,827,000; 2004: RMB60,334,000; 2003: RMB48,622,000). The directors are of opinion that such additional EIT liabilities are unlikely to arise.

Details of income tax during the year are as follows:

	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i>
PRC enterprise income tax	26,722	27,821
Overseas income tax	402	445
Deferred income tax credit	(1,460)	(486)
	<u>25,664</u>	<u>27,780</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the PRC statutory enterprise income tax rate as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Profit before income tax	<u>179,323</u>	<u>171,236</u>
Tax calculated at the PRC statutory enterprise income tax rate of 33% (2006: 33%)	59,177	56,508
Expenses not deductible for tax purposes	(440)	4,514
Effect of different applicable EIT rates upon expected reversal of temporary differences	(939)	583
Effect of preferential income tax treatments	(31,395)	(33,486)
Effect of different tax rates and tax refund for consolidated subsidiaries and joint ventures	<u>(739)</u>	<u>(339)</u>
Income tax expense	<u>25,664</u>	<u>27,780</u>

Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the income tax rates prevailing in the tax jurisdictions in which the Group operates.

g. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately RMB153,520,000 (2006: RMB148,327,000) by the weighted average number of 190,286,000 shares (2006: 182,800,000 shares) in issue during the year.

The Company had no dilutive potential shares for the years ended 31 December 2007 and 2006.

h. SEGMENT INFORMATION

No segment information is presented as the Group operates primarily in one business and geographical segment.

i. TRADE AND BILLS RECEIVABLE, NET

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Trade and bills receivable	300,038	165,510
Less: provision for impairment of receivable	<u>(22,315)</u>	<u>(14,721)</u>
Trade and bills receivable, net	<u>277,723</u>	<u>150,789</u>

The carrying amounts of trade and bills receivable approximate their fair values.

The Group normally grants a credit period ranging from 30 days to 120 days to its trade customers. At 31 December 2007 and 2006, the ageing analysis of trade and bills receivable was as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Within 4 months	261,478	139,977
Over 4 months but within 1 year	27,621	16,942
Over 1 year but within 2 years	7,857	6,792
Over 2 years but within 3 years	2,782	193
Over 3 years	<u>300</u>	<u>1,606</u>
	<u>300,038</u>	<u>165,510</u>

As of 31 December 2007, there was no trade and bills receivable past due but not considered impaired (2006: nil).

As of 31 December 2007, trade and bills receivable of RMB22,315,000 (2006: RMB14,721,000) were impaired and provided for. The amount of the provision was RMB22,315,000 as at 31 December 2007 (2006: RMB14,721,000). The ageing analysis of these receivables is as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Within 4 months	9,288	5,552
Over 4 months	<u>13,027</u>	<u>9,169</u>
	<u>22,315</u>	<u>14,721</u>

Movements on the provision for impairment of trade and bills receivable are as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
At 1 January	14,721	11,431
Provision for receivable impairment	<u>7,594</u>	<u>3,290</u>
At 31 December	<u>22,315</u>	<u>14,721</u>

The maximum exposure to credit risk at the reporting date is the fair value of trade and bills receivable mentioned above. The Group does not hold any collateral as security.

The Group's trade and bills receivables are mainly denominated in RMB.

j. TRADE PAYABLES

As of 31 December, the ageing analysis of trade payables was as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Within 4 months	155,052	102,611
Over 4 months but within 1 year	48,893	46,576
Over 1 year but within 2 years	<u>1,947</u>	<u>3,221</u>
	<u>205,892</u>	<u>152,408</u>

MOVEMENT IN RESERVES

	Share premium <i>RMB'000</i>	Statutory surplus reserve fund <i>RMB'000</i>	Statutory public welfare fund <i>RMB'000</i>	Tax reserve <i>RMB'000</i>	Property, plant and equipment revaluation <i>RMB'000</i>	Foreign currency translation difference <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
Balance as of 1 January 2006, as previously stated	157,925	93,243	46,622	102,043	11,536	(1,905)	343,427	752,891
Adjustment for changes in accounting policy (<i>Note a</i>)	—	(1,435)	(718)	—	—	—	2,153	—
Balance as of 1 January 2006, as restated	157,925	91,808	45,904	102,043	11,536	(1,905)	345,580	752,891
Profit/(loss) for the year	—	—	—	—	—	—	148,327	148,327
Depreciation transfer – gross	—	—	—	—	(3,359)	—	3,359	—
Depreciation transfer – tax	—	—	—	—	463	—	(463)	—
Dividends paid	—	—	—	—	—	—	(84,088)	(84,088)
Foreign currency translation differences	—	—	—	—	—	(1,676)	—	(1,676)
Appropriation from retained earnings	—	15,267	—	—	—	—	(15,267)	—
Adjustment for changes in accounting policy (<i>Note a</i>)	—	(361)	—	—	—	—	361	—
Balance as of 31 December 2006	<u>157,925</u>	<u>106,714</u>	<u>45,904</u>	<u>102,043</u>	<u>8,640</u>	<u>(3,581)</u>	<u>397,809</u>	<u>815,454</u>
Balance as of 1 January 2007, as previously stated	157,925	108,510	46,622	102,043	8,640	(3,581)	395,295	815,454
Adjustment for changes in accounting policy (<i>Note a</i>)	—	(1,796)	(718)	—	—	—	2,514	—
Balance as of 1 January 2007, as restated	157,925	106,714	45,904	102,043	8,640	(3,581)	397,809	815,454
Profit for the year	—	—	—	—	—	—	153,520	153,520
Issue of share capital	213,219	—	—	—	—	—	—	213,219
Depreciation transfer – gross	—	—	—	—	(205)	—	205	—
Depreciation transfer – tax	—	—	—	—	72	—	(72)	—
Revaluation – change of tax rate	—	—	—	—	(1,001)	—	(356)	(1,357)
Dividends paid	—	—	—	—	—	—	(73,120)	(73,120)
Foreign currency translation differences	—	—	—	—	—	(6,648)	—	(6,648)
Appropriation from retained earnings	—	14,813	—	—	—	—	(14,813)	—
Adjustment for applying new PRC accounting standards	—	(252)	(449)	—	—	—	701	—
Balance as of 31 December 2007	<u>371,144</u>	<u>121,275</u>	<u>45,455</u>	<u>102,043</u>	<u>7,506</u>	<u>(10,229)</u>	<u>463,874</u>	<u>1,101,068</u>

DIVIDENDS

The Board of Directors recommends the payment of a final dividend of RMB0.40 (including tax) per share in respect of the year ended 31 December 2007. The recommended dividend to be paid is not included in the accounts, and is subject to the approval at the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2007, the Company, in line with the “Development, Mechanism and Cultural Innovation” business development approach designed by the Board, achieved stable growth and focused on “solid foundation” and “aggressive innovation” as its long-term development objective in continuing to further enhance the quality of its economic operation, profitability and management standard. By carrying out specific tasks and making concerted efforts in 2007, the Company managed to make substantial improvements to its business quality to support the smooth development of its operations. For the year ended 31 December 2007, revenue amounted to RMB1,157,030,000, representing an increase of 11.82% over the corresponding period last year; profit attributable to the shareholders of the Company amounted to RMB153,520,000, representing an increase of 3.50% over the corresponding period last year.

SALES

In 2007, the Company eyed on the long-term development of its sales campaign program in continuously streamlining its market operations, establishing a new approach for vertical control end-user logistics and cash flow, and gradually launching product sales targeted at the community medical service sector and retail end-users. The resources of the three sales branches were reallocated. More sales staff were hired through open recruitment programs. A sales management system was established gradually to enable the integration of publicity campaign and rapid response to market changes.

In the face of intense market competition, the Company believed it was able to better cope with the ever-changing market only by means of mechanism innovation. Therefore a sales branch with a new marketing scheme was established. The new branch operates totally based on a new model in various areas ranging from staff recruitment to operation. The sales manager was recruited openly, while the sales staff were recruited locally and managed on the basis of market principles. An appraisal and incentive policy linked directly to sales performance was developed. The new branch carried out an independent marketing scheme and promotional sales for a selected product portfolio. The new branch was given full autonomy in management. The Company aims to, with the new branch as a vehicle, gradually establish and improve a set of systematic, new marketing management schemes for laying a strong foundation for the expansion of its sales network in future.

The Company continued to regard the building of its end-user base as its principal marketing activity by consolidating the existing market and indentifying potential market for the establishment of a terminal network at full speed. Up to date, more than one hundred Tong Ren Tang counters have been set up in drugstores throughout the country to step up the promotion and publicity of the Company's products through the focused display of these products on the counters and the recruitment of business representatives, OTC representatives and salesmen. End-user sales promotion campaigns featuring a product portfolio as the main line were staged. Backed by retail drugstores, sales promotion campaigns were launched in various forms and by type, season and region. The coverage and market share of the Company had been effectively increased by means of product promotion campaigns and provision of free medical consultation services and seminars.

The Company continued to reinforce the build-up of a product portfolio, carry out changes and innovations on an ongoing basis to the form, packaging and specifications of medicine specifically to cope with the demand from different consumers, and develop and promote products with promising market potential. In 2007, the Company produced and sold more than one hundred type of products, of which two products achieved total sales of more than RMB100,000,000; two products achieved total sales of between RMB50,000,000 and RMB100,000,000; thirteen products achieved total sales of between RMB10,000,000 and RMB50,000,000; and six products achieved total sales of between RMB5,000,000 and RMB10,000,000. Of its major products, Liuwei Dihuang Pills (六味地黃丸) series had a slight decrease in sale in the past year, while the sale of Niu Huang Jiedu Tablets (牛黃解毒片) and Ganmao Qingre Granule (感冒清熱顆粒) series increased by more than 20% over the corresponding period last year. There was a remarkable increase in some other product series including Zhibai Dihuang Pills (知柏地黃丸) series, Shengmai Liquor (生脈飲) series, Niu Huang Jiangya Pills (牛黃降壓丸) series, Xihuang Pills (西黃丸) series, Banlangen Granule (板藍根顆粒) series, Qiju Dihuang Pills (杞菊地黃丸) series and Anshen Jiannao Liquor (安神健腦液) series.

PRODUCTION

In 2007, the Company delivered medical products to the market in more than ten forms such as pill, tablet, granule, capsule and syrup. With respect to production, the Company capitalized on its potential on an ongoing basis by carrying out well-planned arrangements and scientific planning to ensure orders for products are fully accommodated. The Company improved the management method specifically for the production bases which functioned as a production command and dispatching system for carrying out scientific production dispatch, well-devised planning, prompt communication and swift response to help ensure the smooth completion of production.

Each production base fully leveraged its advantages in technology and equipment, and by combining its own conditions, further made a reasonable amount of improvements to the technics and assembly processes. Production efficiency and productivity were increased while the quality of pharmaceuticals production was ensured. Meanwhile, a special task force was assigned to revise the existing operation guidelines to further optimize the technics process to cope with the improvement and upgrade of assembly equipment, as witnessed in the improvement of Shenshao Tablets (參芍片) extraction process and Huoxiang Zhengqi Liquor (藿香正氣水) extraction process. Besides, pursuant to relevant Chinese legislative requirements, the Company had completed the re-registration of production approval numbers for the current products of over 270 varieties, laying a strong foundation for the Company's sustainable development in future.

Beijing Tong Ren Tang Tongke Pharmaceutical Company Limited (北京同仁堂通科藥業有限責任公司) is located at Tongzhou District, Beijing, with its factory already commencing production in 2007. As the principal workshop for preprocessing traditional Chinese medicinal materials, Tongke produces semi-finished goods for different forms of medicine of the Company, helping to enhance the overall productivity of the Company.

The Hong Kong-based Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司) was jointly invested and established by the Company and Tongrentang Ltd.. It has a cumulative total investment of HK\$178,000,000, of which HK\$90,780,000 was contributed by the Company, representing 51%; and HK\$87,220,000 was contributed by Tongrentang Ltd., representing 49%. Following its inception, a production base for traditional Chinese medicinal products was scheduled for establishment in Tai Po Industrial Estate, Hong Kong, and construction works have all been completed. In 2007, a limited number of selected traditional Chinese medicinal products was produced as a pilot scheme at the production base. Product output will increase further as the equipment and technologies have become more stabilized. The production base is expected to commence production officially in 2008. Beijing Tong Ren Tang Chinese Medicine Company Limited has also obtained the manufacturer certificate of “Hong Kong Good Manufacturing Practice Guidelines for Proprietary Chinese Medicines” issued by the Chinese Medicine Traders Committee of Chinese Medicine Council of Hong Kong in January 2008.

MANAGEMENT AND RESEARCH AND DEVELOPMENT

To further increase profitability, the Company continued reducing various costs in production and operation such as procurement of raw materials, production, sales, transportation and storage. In particular, public tenders were invited for the procurement of raw materials, packed materials and supplementary materials as well as commencement of construction project, so that costs were reduced effectively while management was carried out under a regulated regime. During the reporting period, the sector for Chinese traditional medicinal materials remained volatile so that the prices of some medicinal materials were rising due to the short supply. Having accessed market updates, the Company capitalized on an opportunity to make procurements for keeping a reasonable amount of stocks by price and quality of medicinal materials. In particular, some scarce or precious materials were purchased and stored in bulk to ensure that day-to-day production demand is met and that the overall production costs can be kept stable.

The Company strived to seek for a new personnel management method in line with the requirements of the Board for an innovative personnel management mechanism. A new market-based approach was introduced to the newly established marketing branch where the sales manager was recruited openly and sales staff locally to ensure that the marketing scheme was flexible, simple and efficient. The staff appraisal policy was revised. Since the “Administrative Regulations for the Monthly Performance Evaluation of Managerial Personnel” was introduced in May, the work of the managerial personnel has been quantified by assessing their work achievements on a monthly basis. The assessment results were linked to an incentive and penalty scheme to enhance the job performance of managerial personnel and departments for formulating an improved staff appraisal policy.

The research institute fully capitalized on the advantages over technology resources to enhance its own innovation capability and aggressively conduct various scientific researches in strict compliance with the guiding concept of “switching from the development of scientific research achievements to the development of products and commodities”. The process of research and development of new products was expedited, the secondary development of existing products was reinforced, and development and promotion of products carrying a new form of medicine, packaging and specifications which accommodated market demand and consumers were carried out. In 2007, nearly ten products with new specifications were launched to the market, which were well-received by consumers.

SALES NETWORK

As a prudent-minded enterprise seeking stable growth, the Company is expanding its sales network step by step.

Currently, the Company has made overseas investments through the establishment of four joint ventures, namely Peking Tongrentang (M) Sdn. Bhd., Beijing Tong Ren Tang Canada Co., Ltd., Beijing Tong Ren Tang (Macau) Company Limited and Beijing Tong Ren Tang (Indonesia) Company Limited, in the hope of commencing its distribution operations and opening drugstores in these places to increase sales.

Each of these four joint ventures, located in Malaysia, Canada, Macau Special Administrative Region and Indonesia respectively, has set up local drugstores with good operating performance. The company in Malaysia has actively staged product promotion activities to enhance the reputation of its products through various ways including health lectures, and in the meantime, further developed its drugstores, following the opening of a flagship store in Kuala Lumpur and a branch in Penang, the company in Malaysia has established its third drugstore as a trial operation in the Chinese commercial district Petaling in September 2007, which was well-received by local consumers; the company in Canada has enriched the types and specifications of sales products on an ongoing basis to meet the demand from consumers and, in the meantime, reported an increase in sales revenue as a result of the launch of activities such as referral of doctors, sales promotion campaigns for ginseng antlers and patent Chinese medicines, and free medical consultation services; the company in Macau has aggressively launched community charity campaigns to promote traditional Chinese medicines and Tongrentang’s products; the company in Indonesia achieved successful results after further improving its management, stepping up the promotion of its products and raising the service commitment awareness of its staff by increasing the number of service projects, extending service hours and maintaining its dedication to becoming a reputable company providing elite doctors and precious medicines for its customers. In 2007, the above four joint ventures achieved a sales revenue of RMB11,103,800, RMB6,073,000, RMB10,054,100 and RMB4,399,800 respectively.

Beijing Tong Ren Tang Nansanhuan Zhonglu Drugstore Co., Limited (北京同仁堂南三環中路藥店有限公司), a retail drugstore located at Nansanhuan Zhonglu, Fengtai District, Beijing, attained good operating performance. In 2007, it focused on enhancing the quality of business staff and training in business know-how for further improving its service quality. Based on the Tong Ren Tang’s culture, the drugstore’s staff served clients whole-heartedly with honesty and professional expertise, enabling the Company to achieve a substantial growth in its sales revenue. A sales revenue of RMB19,113,000 for the reporting period, representing a 37% increase over the corresponding period last year.

CHINESE MEDICINAL RAW MATERIALS PRODUCTION BASES

Currently, the Company's six subsidiaries in Hebei, Henan, Hubei, Zhejiang, Anhui, Jilin respectively are capable of providing the Company with major traditional Chinese medicinal raw materials such as cornel (山茱萸), tuckahoe (茯苓), catnip (荆芥) and isatis root (板藍根). In 2007, each of the production bases enthusiastically carried out the producing, collecting and processing in traditional Chinese medicinal materials; some production bases worked together with research institutions and made an encouraging breakthrough in the research of plantation techniques; the project of "technical research on the cultivation of tuckahoe with culture medium in greenhouse" was successfully carried out at the Hubei production base. With its profound knowledge in distribution of different species, Hebei production base collected various plantation resources from different places in the country, and had been conducting plantation trials and selected the best species in order to further enhance the production quality and quantity of the species. In 2007, all of the Company's production bases for traditional Chinese medicinal raw materials achieved a sales revenue of RMB24,182,000. These production bases play a key role in securing the supply and quality of Chinese medicinal raw materials required for the Company's products.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group has maintained a sound financial position in this year. As at 31 December 2007, the Group had cash, cash equivalents and short term bank deposits amounting to RMB246,096,000 (2006: RMB213,744,000) and short-term borrowings of RMB15,000,000 (2006: RMB85,000,000). The borrowings carried an interest rate of 5.913% (2006: 5.27% to 5.51%) per annum. As at 31 December 2007, the Group had total assets amounting to RMB1,747,696,000 (2006: RMB1,500,141,000). The funds comprised of non-current liabilities of RMB14,751,000 (2006: RMB12,808,000), current liabilities of RMB313,003,000 (2006: RMB436,111,000), shareholders' equity of RMB1,297,068,000 (2006: RMB998,254,000) and minority interests of RMB122,874,000 (2006: RMB52,968,000).

Gearing and liquidity ratios

The Group's gearing ratio, the ratio between total borrowings and shareholders' equity (excluding minority interests), was 0.01 (2006: 0.09). The Group's liquidity ratio, the ratio between current assets over current liabilities, was 3.80 (2006: 2.07), reflecting that the Group had abundant financial resources.

Charges over Group's assets

As at 31 December 2007, none of the Group's assets was pledged as security for liabilities (2006: Nil).

Contingent liabilities

Other than those disclosed in note f, the Group had no contingent liabilities as at 31 December 2007 (2006: Nil).

Capital commitments

At as 31 December 2007, the Group had the following capital commitments which had been authorised and contracted for but not been reflected in the consolidated financial statements of the Group:

Capital commitments relating to the construction of production facilities amounting to approximately RMB748,000 (2006: RMB1,862,000).

Those capital commitments will be financed by the Group with its internal cashflows.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Company had 1,785 employees (2006: 1,890 employees). Remunerations are determined by reference to market terms and the performance, qualifications and experience of individual employees. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include Company's contributions to the pension scheme, medical insurance scheme, unemployment insurance scheme, industrial accident insurance scheme, maternity insurance scheme and housing fund.

PROSPECTS

In 2008, the Company will put the theory of scientific development into practice in all aspects, make a new start and achieve the long-term development objective of becoming a "leading, strong and major" industry player by continuing to consolidate business results, enhance the quality of economic operation and assets, carry out aggressive reform programs and innovative development as well as conscientiously increase competitive edges and profitability for making sufficient and necessary preparations for great-leap forward development. In 2008, the Company has the following important tasks:

1. Ongoing implementation of Reform in Marketing System

The Company will change the promotion strategy of products from one-by-one approach to collective approach, which combines Liuwei Dihuang Pills (六味地黄丸) with other six or seven products which have similar prescription or for similar disease together. We think this approach promoting collectively will improve the presence of the products, the brand name and the overall sales volume. The assessment method for dealers will be revised by expanding the scope of assessment, detailing assessment indicators, tightening the incentive and penalty measures for irregularities, increasing the Company's control over market and minimizing operating risks. The internal appraisal policy for sales staff will be revised, appraisal indicators for profit will be reinforced and linked directly with incentives for staff. The profitability of Company's products will be enhanced while the staff's initiative is being mobilized.

2. Reinforcement of Fundamental Management and Stringent Enforcement of Supervision

The Company will continue to reinforce its management, step up management consolidation and carry out budget control in all aspects. Financial budget will be strictly examined and approved and the results of the execution of expense budget by departments will be used as one of the major bases for performance appraisal by the department in-charge; internal control and audit will be strictly carried out by reinforcing the audit supervision of construction projects, procurement projects and economic operation of subsidiaries; a pre-warning mechanism for economic operation will be gradually established; personnel and post allocation system will be further improved by gradually recruiting staff through competition for some posts and further revising the recruitment policy; the appraisal of staff will be strictly carried out by establishing and improving an appraisal policy based on different characteristics of management staff, production staff and sales staff, and with reference to monthly assessment, labour output per capita and sales profit, etc. for promoting self-discipline and self-development of staff at all levels effectively.

3. Promotion of Resource Integration for Enhancing Quality of Economic Operation

The Company will take an aggressive approach towards integrating its internal and social dominant resources, and optimize the industry chain combining research, production and sale of traditional Chinese medicines for creating a material basis to achieving comprehensive enhancement and growth of the Company.

The raw materials procurement system will be optimized, achieving the comprehensive enhancement and growth of the Company for the purpose of achieving a dynamic rational stock of goods by continuously improving the assessment policy for raw materials suppliers, selecting quality suppliers, promptly assessing dynamic information from traditional Chinese medicinal materials production places and market, and having an emergency pre-warning scheme and an emergency storage in place.

The production and manufacture system will be optimized upon completion of improvements to the traditional Chinese medicines preprocessing. As the current preprocessing production process does not match the assembly standard of each medicinal production base, the preprocessing production bases will be upgraded for further improving and optimizing production control process, and increasing the utilization of man-hour and production efficiency.

With the mind on addressing actual production needs, the Company are making eminent efforts to streamline its R&D management system, increase input in secondary R&D, speed up the process to launch and increase production of new products, focus on new products to accommodate market needs and build a product base that offers widely applicable, end-targeted, safe and effective Chinese medicinal products so as to further promote the brand-awareness and market share of the Company.

OTHER INFORMATION

COMPETING INTERESTS

Direct competition with Tongrentang Ltd. and Tongrentang Holdings

Traditional Chinese medicines produce a broad range of curative effects as they can be used to treat the external symptoms of a disease and regulate other functions of the body that directly or indirectly give rise to such disease. To find the specific ways to treat a disease, it is necessary to consider a number of variables such as the state of illness, gender, age and constitution of a patient, the weather and the curative effects on the implicit problems of the patient. As such, a single type of traditional Chinese medicines usually has several curative effects, some of which may be similar to those of other products with different names or types. Given this nature of traditional Chinese medicines, there may be a direct competition between the products of the Company and those of Tongrentang Holdings and Tongrentang Ltd.

The Company, Tongrentang Ltd. and Tongrentang Holdings are all engaged in the manufacturing of Chinese Patent Medicines. Their businesses are classified by the forms of medicine they produce. Tongrentang Ltd. mainly produces Chinese Patent Medicines in traditional forms such as pill, powder, ointment and medicinal wine. It also has some minor production lines for the production of granules and pills. On the other hand, the Company focuses on manufacturing products in forms of granules, pills, tablets and soft capsules. Tongrentang Ltd.'s main products include Angong Niu Huang Pills (安宮牛黃丸), Tongren Wuji Baifeng Pills (同仁烏雞白鳳丸), Tongren Dahuolo Pills (同仁大活絡丸) and Guogong Wine (國公酒).

To ensure that the business classification between the Company and Tongrentang Holdings and Tongrentang Ltd. are properly documented and made, Tongrentang Holdings and Tongrentang Ltd. undertake, pursuant to an undertaking dated 19 October 2000 given by Tongrentang Holdings and Tongrentang Ltd. in favor of the Company (“October Undertaking”), that other than Angong Niu Huang Pills (安宮牛黃丸), Tongrentang Holdings, Tongrentang Ltd. and their respective subsidiaries will not produce in future any products that bear the same names or bear the same names with different forms as those pharmaceutical products produced by the Company, and that may compete directly with those pharmaceutical products of the Company. Only one of the products – Angong Niu Huang Pills (安宮牛黃丸) – are manufactured by both the Company and Tongrentang Ltd..

The Directors consider that other than Angong Niu Huang Pills (安宮牛黃丸) produced by the Company and Tongrentang Ltd., there is no any other direct competing business among the Company, Tongrentang Ltd. and Tongrentang Holdings. The Directors consider that as Angong Niu Huang Pills (安宮牛黃丸) only represents a small percentage of Company's turnover and is not one of the major forms of medicine for development by the Company, the Company will continue to manufacture and sell Angong Niu Huang Pills (安宮牛黃丸). Save as mentioned herein, the Directors confirm that none of the products of the Company is in competition with Tongrentang Ltd. or Tongrentang Holdings.

RIGHT OF FIRST REFUSAL

Although the Company, Tongrentang Ltd. and Tongrentang Holdings are all engaged in the production, manufacturing and sale of traditional Chinese medicines, the principal products of each of these companies are different. The Company focuses on new forms of products which are more competitive against western pharmaceutical products, while Tongrentang Ltd. and Tongrentang Holdings continue to focus on the development of existing forms of traditional Chinese medicines.

To procure that the Company focuses on the development of the four major forms of products (namely granules, pills, tablets and soft capsules), Tongrentang Holdings and Tongrentang Ltd. have granted the Company, pursuant to the October Undertaking, a right of first refusal to manufacture and sell any of the new products which is developed by Tongrentang Holdings, Tongrentang Ltd. or any of their respective subsidiaries and which is one of the four main forms of the Company. Upon exercise of the right of first refusal, both Tongrentang Ltd. and Tongrentang Holdings or their respective subsidiaries are not allowed to manufacture any of such new products. In the event the Company develops any new product based on the existing products of Tongrentang Holdings, Tongrentang Ltd. or their respective subsidiaries, and such new product is one of the major forms of the Company, the Company will be entitled to manufacture such new product and Tongrentang Holdings, Tongrentang Ltd. and their respective subsidiaries will not be allowed to manufacture such new product. The Directors believe that the above undertaking would clarify that both Tongrentang Ltd. and Tongrentang Holdings would support the Company in its development of the four major forms of products in the future.

To procure that Company conducts an independent review of the research and development of new products and the development capability, the Company confirms that among the independent non-executive Directors, a reputable person in the traditional Chinese medicinal sector will determine whether to exercise the right of first refusal granted by Tongrentang Holdings or Tongrentang Ltd. to develop any proposed new products which is one of the major forms (namely granules, pills, tablets and soft capsules) of the Company. In the event that the Company refuses the right of first refusal offered by Tongrentang Ltd. and/or Tongrentang Holdings, the terms of the option to be offered to an independent third party should not be more favourable than those originally offered to the Company, failing which the Company should be given an opportunity to re-consider the option under the new terms. The above undertaking would no longer be valid in the event that the direct or indirect aggregate shareholdings of Tongrentang Holdings or Tongrentang Ltd. in the Company falls below 30%.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2007, the Company complied with all the code provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has set up an audit committee pursuant to Rule 5.28 of the GEM Listing Rules and “A Guide For The Formation of An Audit Committee” compiled by the Hong Kong Institute of Certified Public Accountants, and the written terms of reference of the audit committee were set out pursuant to Rule of 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and monitor the Company’s financial reporting process and internal control system. The committee comprises Ms. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan, who are independent non-executive Directors. Mr. Ting Leung Huel, Stephen, the Chairman of the Committee, possesses appropriate professional qualification and financial experience.

During 2007, two meetings were conducted by the audit committee. The first meeting was held on 2 March 2007 to review and discuss the operating results, financial position, major accounting policies and internal audit issues with respect to the audited financial statements of the Group for the year ended 31 December 2006, and listened to the advice from the auditors on the Company. The audit committee approved the particulars in the report for the year.

The second meeting was held on 6 August 2007 to review and discuss the operating results, financial position, major accounting policies and internal audit issues with respect to the unaudited financial statements of the Group for the six months ended 30 June 2007. The audit committee approved the particulars in the interim report.

A meeting was held by the audit committee on 27 February 2008 to review and discuss the operating results, financial position, major accounting policies and internal audit issuer of the Company for the year ended 31 December 2007 and to listen to the advice from the auditors on the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor its Subsidiaries has purchased, sold or redeemed any of the Company’s listed shares.

PUBLICATION OF INFORMATION ON GEM WEBSITE

The Annual Report of the Group, which will contain all the information required by chapter 18 of the GEM Listing Rules, will be published on the GEM website on or before 31 March 2008.

By Order of the Board
Tong Ren Tang Technologies Co., Ltd.
Yin Shun Hai
Chairman

Beijing, the PRC
18 March 2008

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

This announcement, for which the directors of Tong Ren Tang Technologies Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Tong Ren Tang Technologies Co., Ltd. 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.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.