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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: 8069)

ONGOING CONNECTED TRANSACTION

SUMMARY

References were made to the announcement dated 21 February 2005 and at the annual general meeting held on 16 May 2005, resolutions were passed by the Independent Shareholders to approve the ongoing connected transaction contemplated under the Renewal Raw Material Supply Agreement entered into between the Company and Tongrentang Holdings. As the term of such agreement expired on 31 December 2007, the Board announces that the Raw Material Supply Agreement (2009) was entered into between the Company and Tongrentang Holdings in respect of the supply of some Chinese medicinal raw materials by Tongrentang Group to the Company on 24 April 2009 for a period from 24 April 2009 to 31 December 2011.

Under Chapter 20 of the GEM Listing Rules, Tongrentang Holdings is a connected person of the Company. The Transaction contemplated under the Raw Material Supply Agreement (2009) therefore constitutes a continuing connected transaction of the Company. Pursuant to the requirements of the GEM Listing Rules, as the applicable size test ratios (as defined in Rule 19.07 of the GEM Listing Rules) exceed 0.1% but are less than 2.5%, the aforesaid ongoing connected transaction is only subject to the reporting and announcement requirements.

ONGOING CONNECTED TRANSACTION – RAW MATERIAL SUPPLY AGREEMENT (2009)

Date: 24 April 2009

**Parties: (1) the Company; and
(2) Tongrentang Holdings**

Term: 24 April 2009 to 31 December 2011

Background and nature of the Transaction

On 6 October 2000, the Company entered into the Raw Material Supply Agreement with Tongrentang Holdings, pursuant to which Tongrentang Group agreed to supply the Company with part of the Chinese medicinal raw materials that are required for the Company's production for a term of three years. Under the agreement, Tongrentang Group is obliged to ensure the quality of the raw materials by screening them before they are supplied. The price of the raw materials is to be determined by negotiation between both parties and is required to fall within the range of market price. Tongrentang Group shall not supply the materials to the Company at a price higher than that of the same products sold to independent third parties or the average market price, whichever is lower. The Company is entitled to give Tongrentang Holdings six months' prior notice to terminate the agreement. The term of the agreement can be extended by agreement between the parties prior to the date of the expiry.

By a supplemental agreement dated 17 May 2002 entered into between the parties, the term of the agreement had been extended to 31 December 2004 with the other terms of the agreement remaining unchanged. On 21 February 2005, the Company entered into the Renewal Raw Material Supply Agreement with Tongrentang Holdings for a period up to 31 December 2007. Such agreement expired on 31 December 2007.

Tongrentang Holdings is the ultimate holding company of the Company. As such, Tongrentang Holdings is a connected person of the Company under the GEM Listing Rules. The Transaction contemplated under the Raw Material Supply Agreement (2009) will be on an ongoing basis and constitute a continuing connected transaction of the Company under Rule 20.14 of the GEM Listing Rules.

Historical data of the Transaction

Pursuant to the resolutions passed by the Independent Shareholders at the annual general meeting held on 16 May 2005, the annual caps of the Transaction under the Renewal Raw Material Supply Agreement for the past three years ended 31 December 2007 were RMB68 million.

The audited actual amount of the raw materials supplied by Tongrentang Group to the Company for each of the three years ended 31 December 2007 was as follows:

For the year ended 31 December

2005	2006	2007
RMB52,000	RMB1,893,000	RMB902,000

The audited transaction amount of raw materials supplied by Tongrentang Group to the Company for the year ended 31 December 2008 was RMB542,000. Given that the applicable size test ratios of the aforesaid Transaction under Chapter 19 of the GEM Listing Rules are less than 0.1%, the above connected transaction for 2008 is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Annual Cap

Taking into account of the historical business growth of the Company, the development of potential species in the future and the demand for some scarce Chinese medicinal raw materials, the Company will continue to accumulate strategic reserves for some Chinese medicinal raw materials. Due to the limited resources of its suppliers, some precious and fine Chinese medicinal raw materials and some imported Chinese medicinal raw materials can be purchased by Tongrentang Holdings or its subsidiaries or associated companies possessing such resources to ensure the production supply of products of the Company and the stability in raw materials price. To this end, the Directors expect that the Transaction amount of raw materials purchased by the Company from Tongrentang Group will increase substantially since 2009.

Based on the planned purchase amount in 2009, the Company plans to purchase scarce Chinese medicinal raw materials including calculus bovis (牛黃), cornu cervi (鹿角), cornu cervi pantotrichum (鹿茸), leopard bone (豹骨) and resina draconis (血竭) from Tongrentang Group and significantly increase the purchase amount over prior years. Meanwhile, as the Directors expect that there will be a stable growth in the turnover of the Company in the coming three years, the demand for raw materials that are required for the production of the Company's products will increase accordingly. Accordingly, the Directors propose that the Annual Caps for the ongoing connected transaction under the Raw Material Supply Agreement (2009) shall be RMB20 million, RMB21 million and RMB22 million respectively for each of the three financial years ending 31 December 2011.

Despite the relatively low transaction volumes over the past three years, having considered the changes in the Chinese medicinal raw materials in 2009 and the years beyond, particularly the restrictions on some scarce raw materials, the Company will endeavour to ensure the production supply and stability in raw materials price through more frequent purchases of raw materials from Tongrentang Holdings and its subsidiaries or associated companies possessing such resources. Accordingly, the Company considers that, based on the growth needs and purchase amount of the Company in 2009 and the years ahead, the proposed Annual Caps above are fair and reasonable.

In light of the aforesaid, the Directors consider that the proposed Annual Caps for the Raw Material Supply Agreement (2009) are fair and reasonable for the interests of the Company and the Shareholders as a whole.

Payment arrangement

Pursuant to the Raw Material Supply Agreement, the purchase of raw materials by the Company from Tongrentang Group shall be satisfied in cash by the Company. The term of payment shall be determined upon the entering into separate contracts by the parties.

Reasons for the Transaction

The raw materials necessary for the production of the Company's products are supplied by various suppliers including Tongrentang Group. The Directors consider that a long term and steady relationship with these suppliers are of importance to the Company as it enables stability in the supply and price of raw materials to the Company which in turn guarantees a smooth production of the Company's products. Tongrentang Holdings is a company engaging in Chinese medicinal raw materials business with extensive experience and long history. It owns a subsidiary that specializes in the purchase and sale of Chinese medicinal raw materials and operates a Chinese medicinal raw materials company in Bozhou, Anhui, being the major Chinese medicinal raw materials trading market in China, offering a wide range of Chinese medicinal raw materials. Meanwhile, some of its subsidiaries in China own its own production facilities for Chinese medicinal raw materials in the local Chinese medicinal raw materials origins in China with extensive experience in purchasing Chinese medicinal raw materials and a broad customer base. Through purchasing the raw materials required for the production of the Company from Tongrentang Holdings or its subsidiaries, the Company will fully capitalize on the strengths of Tongrentang Holdings and its subsidiaries in the purchase of Chinese medicinal raw materials to obtain the best price with quality assurance, which is favorable to the Company to further reduce the purchase costs amid the financial crisis.

Further, the supply of raw materials, which are agricultural by-products, will be affected by natural disasters or other adverse environmental changes. In particular, due to the tightness in the supply of some of the raw materials in recent years, the Directors consider that the Company will continue to rely more heavily on Tongrentang Group for the provision of raw materials within the course of the next three years in order to secure a stable supply channel. The Company also intends to increase its own reserves of raw materials as and when appropriate in order to ensure smooth production. In this connection, the Directors anticipate that the transactions with Tongrentang Group will increase accordingly.

GEM Listing Rules Implications of the Raw Material Supply Agreement (2009)

As the applicable size test ratios for the Annual Cap of the ongoing connected transaction under the Raw Material Supply Agreement (2009) for the three years ended 31 December 2011 exceed 0.1% but are less than 2.5% under Rule 20.34(1) of the GEM Listing Rules, the ongoing connected transaction is subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements. Appropriate disclosure of such Transaction will be made in the annual reports and accounts of the Company in accordance with the GEM Listing Rules.

Benefits of the Transaction

The Directors (including independent non-executive Directors) consider that the terms of the ongoing connected transaction under the Raw Material Supply Agreement (2009) are made on an arm's length basis in the ordinary and usual course of business of the Company and on normal commercial terms which are no less favourable than terms available to or from independent third parties. The Directors are of the view that the terms of the ongoing connected transaction are fair and reasonable and in the interest of the Shareholders as a whole.

The Directors (including independent non-executive Directors) believe that it is in the best interest of the Company to enter into the above agreement and to fix the relevant Annual Cap of the above Transaction as it can guarantee the supply of the major raw materials and satisfy the requirements of the Company for such quality raw materials, and will facilitate the smooth operations of the Company's day-to-day production and sale business and will therefore enhance the growth of the sale volume and market share of the Company.

Connection between the Parties

Tongrentang Holdings is the ultimate holding company of the Company which currently holds approximately 55.24% of the share capital of Tongrentang Limited. Tongrentang Limited is interested in approximately 51.02% of the issued share capital of the Company. Pursuant to the GEM Listing Rules, Tongrentang Holdings and its associates (as defined in

the GEM Listing Rules) are connected persons of the Company.

GENERAL INFORMATION

The Group is mainly engaged in the production and sale of Chinese patent medicine.

Tongrentang Holdings is engaged in the processing, production and sale of Chinese medicinal raw materials, Chinese patent medicine, oral consumption medicine, healthcare products, medical food, cosmetic products and medical equipment.

DEFINITIONS

As used in this announcement, the following words and phrases shall have the following meanings:

“Annual Cap”	the purchase transaction of raw materials entered into between the Company and Tongrentang Holdings for the three financial years ending 31 December 2011, being the maximum transaction amount for each year
“Company”	Tong Ren Tang Technologies Co. Ltd., a joint stock company incorporated in the PRC with limited liability
“Directors”	directors of the Company
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (as amended from time to time)
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China
“Raw Material Supply Agreement”	an agreement dated 6 October 2000 entered into between the Company and Tongrentang Holdings (where appropriate, as amended by a supplemental agreement dated 17 May 2002), pursuant to which Tongrentang Group agreed to supply the Company with part of the Chinese medicinal raw materials required for the Company’s production

“Renewal Raw Material Supply Agreement”	a renewal agreement dated 21 February 2005 entered into between the Company and Tongrentang Holdings in respect of the Raw Material Supply Agreement for a period up to 31 December 2007
“Raw Material Supply Agreement (2009)”	a renewal agreement dated 24 April 2009 entered into between the Company and Tongrentang Holdings in respect of the Raw Material Supply Agreement for a period up to 31 December 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongrentang 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 state-owned enterprise established in the PRC under the laws of the PRC and the ultimate holding company of the Company and Tongrentang Limited
“Tongrentang Group”	Tongrentang Holdings and its subsidiaries or associated companies (other than the Company)
“Transaction”	the supply of part of the Chinese medicinal raw materials required for the production of the Company from Tongrentang Group to the Company
“Tongrentang Limited”	Beijing Tongrentang Company Limited (北京同仁堂股份有限公司), a joint stock limited company established in the PRC, the shares of which have been listed on the Shanghai Stock Exchange A Shares Market since 1997, and is the holding company of the Company

By order of the Board
Tong Ren Tang Technologies Co., Ltd.
MEI QUN
Chairman

Beijing, the PRC, 24 April, 2009

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 date of its posting and be posted at our Company website <http://www.tongrentangkj.com>.