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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 company incorporated in the People's Republic of China with limited liability)

(Stock code: 8069)

CONNECTED TRANSACTION

ESTABLISHMENT OF JOINT VENTURE COMPANY

JV AGREEMENT

On 27 May 2010, Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan entered into the JV Agreement, whereby the parties have agreed to establish the JV Company and to contribute to the registered capital thereof. Upon completion of the transactions contemplated under the JV Agreement, the registered capital of the JV Company will be RMB8,000,000 and the JV Company will be owned as to 41%, 29%, 10%, 10%, 5% and 5% by Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan, respectively.

GENERAL

Tong Ren Tang Investment is an associate of our Parent, and therefore is a connected person of the Company under the GEM Listing Rules. Tong Ren Tang International is an indirect non-wholly owned subsidiary of the Company, therefore, the JV Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Li Kaiyu, Mr. Zhang Yan, Mr. Zhu Dan, and Taiyitang Technology and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

As one or more of the applicable percentage ratios (as defined under Rule 20.10 of the GEM Listing Rules) in respect of the JV Agreement exceed 0.1% but below 2.5%, the JV Agreement is only subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules but is exempted from the independent shareholders' approval requirement under Rule 20.48 of the GEM Listing Rules.

1. INTRODUCTION

On 27 May 2010, Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan entered into the JV Agreement, whereby the parties have agreed to establish the JV Company and to contribute to the registered capital thereof. Upon completion of the transactions contemplated under the JV Agreement, the registered capital of the JV Company will be RMB8,000,000 and the JV Company will be owned as to 41%, 29%, 10%, 10%, 5% and 5% by Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan, respectively

2. JV AGREEMENT

Date: 27 May 2010

Parties:

- i. Tong Ren Tang International
- ii. Mr. Li Kaiyu
- iii. Tong Ren Tang Investment
- iv. Taiyitang Technology
- v. Mr. Zhang Yan
- vi. Mr. Zhu Dan

Scope of Business: Promoting health preserving by use of traditional Chinese medicine, traditional Chinese medicine clinical services, special treatments and diet therapy, etc.

Registered Capital and Capital Contribution RMB8,000,000, to be contributed as follows:

- (i) 41% by Tong Ren Tang International in cash (i.e. RMB3,280,000)
- (ii) 29% by Mr. Li Kaiyu in cash (i.e. RMB2,320,000)
- (iii) 10% by Tong Ren Tang Investment in cash (i.e. RMB800,000)
- (iv) 10% by Taiyitang Technology in cash (i.e. RMB800,000)
- (v) 5% by Mr. Zhang Yan in cash (i.e. RMB400,000)
- (vi) 5% by Mr. Zhu Dan in cash (i.e. RMB400,000)

The amount of the total registered capital of the JV Company was determined after arm's length negotiations by reference to the proposed capital requirement for the business of the JV Company.

Other than the registered capital set out above, there is no further financial commitment that is required to be contributed by the parties to the JV Company.

Term: 10 years from the date of issue of the business license of the JV Company

Profit Distribution: The profit of the JV Company available for distribution shall be distributed to the parties in proportion to their respective share of actual contribution to the registered capital.

Board Composition: The board of directors of the JV Company shall comprise of three (3) directors, where the Tong Ren Tang International will be entitled to nominate two (2) directors and Mr. Li Kaiyu will be entitled to nominate one (1) director. The Chairman of the board of directors of the JV Company shall be a director nominated by Tong Ren Tang International.

3. REASONS FOR THE ESTABLISHMENT OF THE JV COMPANY

The Company is of the view that the establishment of the JV Company will i) further explore the operational scope of our Group; and ii) increase the value of the "Tong Ren Tang" brand by developing the health preserving services and promoting the culture of health preserving by using Chinese medicines.

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

4. GEM LISTING RULES IMPLICATIONS

Tong Ren Tang Investment is an associate of our Parent, and therefore is a connected person of the Company under the GEM Listing Rules. Tong Ren Tang International is the non-wholly owned subsidiary of the Company, therefore, the JV Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Li Kaiyu, Mr. Zhang Yan, Mr. Zhu Dan, and Taiyitang Technology and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

As one or more of the applicable percentage ratios (as defined under Rule 20.10 of the GEM Listing Rules) in respect of the JV Agreement exceed 0.1% but below 2.5%, the JV Agreement is only subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules but is exempted from the independent shareholders' approval requirement under Rule 20.48 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Company confirms that there is no other transaction entered into between any member of the Group and Tong Ren Tang Investment or its associates (as defined under the GEM Listing Rules) within a 12-month period to the date of this announcement or otherwise related, which would be, together with the transactions under the JV Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 20.25 of the GEM Listing Rules.

5. GENERAL INFORMATION ON THE PARTIES TO THE JV AGREEMENT

Tong Ren Tang International

The Company is engaged in the manufacturing and selling of Chinese medicines. Tong Ren Tang International is an indirectly non-wholly owned subsidiary of the Company and is engaged in the researching and development of Chinese medicines, food and cosmetics and production of bolus, pills and granuals, as well as the transfer of its self-developed technology .

Mr. Li Kaiyu

Mr. Li Kaiyu is an independent third party.

Tong Ren Tang Investment

Tong Ren Tang Investment is engaged in the wholesale of Chinese medicines, sale of packaging foods and health protection foods and sale of relevant medical equipments.

Taiyitang Technology

Taiyitang Technology is engaged in the business of development, consulting, transfer and training of technology.

Mr. Zhang Yan

Mr. Zhang Yan is an independent third party.

Mr. Zhu Dan

Mr. Zhu Dan is an independent third party.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	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 PRC with limited liability and the H shares of which are listed and traded on GEM
“Director(s)”	the director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	The Rules Governing the Listing of Securities on the GEM (as amended from time to time)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

"JV Agreement"	a joint venture agreement entered into by Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan in relation to the proposed establishment of the JV Company
"JV Company"	Beijing Tong Ren Tang Health Preserving and Culture Company Limited (北京同仁堂养生文化有限公司), a limited liability company proposed to be established in the PRC and which will be owned as to 41%, 29%, 10%, 10%, 5% and 5% by Tong Ren Tang International, Mr. Li Kaiyu, Tong Ren Tang Investment, Taiyitang Technology, Mr. Zhang Yan and Mr. Zhu Dan, respectively
"Parent"	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 A shares of which are listed and traded on the Shanghai Stock Exchange, and is the controlling shareholder of the Company
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Shareholders"	the shareholders of the Company
"Taiyitang Technology"	Beijing Taiyitang Technology Development Company Limited (北京泰颐堂科技发展有限公司), a limited liability company established in the PRC
"Tong Ren Tang International"	Beijing Tong Ren Tang International Natural-Pharm Company Limited (北京同仁堂国际药业有限公司), a wholly foreign-owned enterprise established in the PRC and an indirect non-wholly owned subsidiary of the Company
"Tong Ren Tang Investment"	Beijing Tong Ren Tang Commercial Investment and Development Company Limited (北京同仁堂商业投资发展有限责任公司), a limited liability company established in the PRC and a 51%-owned subsidiary of the controlling shareholder of our Parent

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

Beijing, 27 May 2010

As at the date of this announcement, the Board comprises (i) Mr. Mei Qun, Mr. Yin Shun Hai, Mr. Wang Yu Wei and Ms. Fang Jia Zhi as executive Directors; (ii) Ms. Ding Yong Ling as non-executive Director; and (iii) 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 GEM Listing Rules 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>.