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**BEIJING TONG REN TANG CHINESE MEDICINE COMPANY LIMITED**

北京同仁堂國藥有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3613)**

**CONTINUING CONNECTED TRANSACTIONS  
REGARDING**

**THE E-COMMERCE SERVICES COOPERATION FRAMEWORK AGREEMENT**

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The Board announces that, on 14 March 2024 (after trading hours), the Company had entered into the E-commerce Services Cooperation Framework Agreement with Tong Ren Tang Shuzi Technology, pursuant to which, Shuzi Technology Group will provide the E-commerce Services to members of the Group. The E-commerce Services Cooperation Framework Agreement shall have a term from 14 March 2024 to 31 December 2024.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tong Ren Tang Ltd. is interested in approximately 71.67% of the issued share capital of the Company, and is a controlling shareholder of the Company and therefore Tong Ren Tang Ltd. is a connected person of the Company under the Listing Rules. Tong Ren Tang Ltd. is interested in approximately 51% of the share capital of Tong Ren Tang Shuzi Technology, thus Tong Ren Tang Shuzi Technology is also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the E-Commerce Services Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual cap of the transactions contemplated under the E-Commerce Services Cooperation Framework Agreement exceed 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under the Listing Rules.

## **THE E-COMMERCE SERVICES COOPERATION FRAMEWORK AGREEMENT**

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The principal terms of the E-commerce Services Cooperation Framework Agreement are set out as follows:

- Date** : 14 March 2024 (after trading hours)
- Parties** : (1) the Company  
(2) Tong Ren Tang Shuzi Technology
- Term** : From 14 March 2024 to 31 December 2024 (both days inclusive).
- Major terms and conditions** :
- The Company agreed to entrust Shuzi Technology Group to provide members of the Group with the E-commerce Services for its “Tong Ren Tang” brand products, including but not limited to healthcare products and Chinese medicine products, in e-commerce channels such as Jingdong platform and Tmall platform.
  - Specific e-commerce services agreement will be entered by members of the Group with members of the Shuzi Technology Group during the term of the E-Commerce Services Cooperation Framework Agreement to set out specific fee categories, amounts, assessment criteria, settlement and other relevant terms thereof. The terms and conditions of any such specific agreement shall be fair and reasonable and on normal commercial terms, and the fee shall be set in accordance with the pricing policy of the E-Commerce Services Cooperation Framework Agreement.
- Pricing policy** : The fees for the E-commerce Services provided by the Shuzi Technology Group under the E-Commerce Services Cooperation Framework Agreement shall be determined between the parties based arm’s length negotiations on normal commercial terms in accordance with the following pricing mechanism:
- (i) the fees for the E-commerce Services shall be no more than the fees paid by members of the Group to an independent third party who provides e-commerce services of the same nature, and the pricing policy shall be comparable to the applicable pricing policy from an independent third party who provides the e-commerce services of the same nature; and
  - (ii) the relevant fees for the E-commerce Services, including but not limited to promotion services fee and platform operation services fee, shall be determined in accordance with the relevant cost of the Tong Ren Tang Shuzi Technology plus a profit margin of not more than 15%. The relevant profit margin shall be determined with reference to the labour costs, gross profit margins on past operations, reasonable expenses of the Shuzi Technology Group, and profit margins of similar services procured by the Group from independent third parties and rates of similar services available in the open market.

**Payment of the fees** : The specific payment details will be stipulated separately in the specific e-commerce services agreement. The payment will be settled within 3 months after the receipt of the invoice issued by Shuzi Technology Group.

### **Proposed Annual Cap**

The proposed annual cap for the transactions contemplated under the E-commerce Services Cooperation Framework Agreement for the period from 14 March 2024 to 31 December 2024 is HK\$13,300,000.

The proposed annual cap set out above is determined based on the following factors which are applicable to the E-Commerce Services Cooperation Framework Agreement:

- (a) the Group will continue to strengthen product marketing and online sales in this year, and estimate that the E-commerce Services' needs of the Group for this year will increase; and
- (b) a buffer for any unexpected increase of the E-Commerce Services' need of the Group and for any potential appreciation in the RMB against HK\$.

Such projection based on the assumption solely for determining the annual cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group or the Shuzi Technology Group.

### **REASONS FOR ENTERING INTO THE E-COMMERCE SERVICES COOPERATION FRAMEWORK AGREEMENT**

The Directors believe that Shuzi Technology Group has a professional e-commerce operation team and abundant operational experience, so engaging Shuzi Technology Group to provide the E-commerce Services for the Group, is more efficient and effective in terms of publicizing and promoting the brand image of "Tong Ren Tang" and the products of the Group, in achieving resources planning, optimizing the management of channels of the Group, as well as integrating the needs for e-commerce services among the members of Tong Ren Tang Group, to expand e-commerce channels, improve online sales system, strengthen the brand influence and stimulate online sales of product for meeting the future business needs of the Group, and further spur the long-term development of the Group's business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the E-Commerce Services Cooperation Framework Agreement (i) have been negotiated on an arm's length basis; (ii) have been conducted and will be conducted on normal commercial terms or better; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **INTERNAL CONTROL MEASURES**

In order to ensure that the aforesaid pricing policies for the transactions contemplated under the E-commerce Services Cooperation Framework Agreement will be adhered to, the Company will continue to adopt the following internal control measures:

- (i) the responsible person of the relevant business department of the Company shall monitor the performance of the specific e-commerce services agreements and the fees of the E-commerce Services to be provided by Shuzi Technology Group to ensure that the relevant fees are determined in strict accordance with the pricing policies as set out in the E-commerce Services Cooperation Framework Agreement. If any revision of terms or any price adjustment is required or if any imminent or possible exceeding of the annual cap is discovered due to change of actual circumstances, the relevant business department is required to communicate to the finance department of the Company which will consider to initiate the appropriate approval process. Relevant business department shall also regularly report the actual transaction amount to the finance department of the Company;
- (ii) the finance department of the Company is responsible for monitoring, collecting, and evaluating the specific information in relation to the specific e-commerce services agreements under the E-commerce Services Cooperation Framework Agreement (including but not limited to the pricing terms, payment arrangement and the actual transaction amount of each specific transaction) to ensure the fees charged by Shuzi Technology Group are in compliance with the pricing policies and the aggregate transaction amount does not exceed the proposed annual cap. In particular, based on the actual transaction amount regularly reported by the relevant business department of the Company, the finance department will collect and add up the transaction amount of the continuing connected transactions. The finance department maintains a record, which is updated monthly (or more frequently if it is determined necessary), to store all the information in relation to the fees paid and payable to Shuzi Technology Group according to the specific e-commerce services agreements under the E-commerce Services Cooperation Framework Agreement. The finance department will check the information monthly (or more frequently if it is determined necessary) to ensure reasonableness of the continuing connected transactions; and
- (iii) the independent non-executive Directors and the auditor of the Company will on a regular basis be provided with (1) the E-commerce Services Cooperation Framework Agreement; (2) the fee quotations obtained by the Group from independent third parties who provide the e-commerce services of same nature; (3) the agreements entered into between members of the Group and the independent third parties for the e-commerce services of same nature; and (4) the specific e-commerce services agreements entered into between the members of the Group and the members of the Shuzi Technology Group. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements and to ensure that the transactions contemplated under the E-commerce Services Cooperation Framework Agreement are conducted on normal commercial terms or better, and are fair and reasonable. The auditor of the Company will review and confirm the transactions contemplated under the E-commerce Services Cooperation Framework Agreement are conducted in accordance with the terms of the E-commerce Services Cooperation Framework Agreement on an annual basis.

Taking into account: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the E-commerce Services Cooperation Framework Agreement. The Directors (including the independent non-executive Directors) are of the view that the Company has implemented effective internal control measures, and such methods and procedures can ensure that the transactions contemplated under the E-commerce Services Cooperation Framework Agreement will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tong Ren Tang Ltd. is interested in approximately 71.67% of the issued share capital of the Company, and is a controlling shareholder of the Company and therefore Tong Ren Tang Ltd. is a connected person of the Company under the Listing Rules. Tong Ren Tang Ltd. is interested in approximately 51% of the share capital of Tong Ren Tang Shuzi Technology, thus Tong Ren Tang Shuzi Technology is also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the E-Commerce Services Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps of the transactions contemplated under the E-Commerce Services Cooperation Framework Agreement exceed 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no continuing transaction entered into between any member of the Group and the Tong Ren Tang Shuzi Technology and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under the E-commerce Services Cooperation Framework Agreement, aggregated under the Listing Rules.

Ms. Feng Li (who is the deputy general manager and the secretary to the board of directors of Tong Ren Tang Ltd.), the non-executive Director of the Company, is considered to have material interests in the transactions contemplated under the E-commerce Services Cooperation Framework Agreement by virtue of her respective positions in Tong Ren Tang Ltd., for good corporate governance, Ms. Feng Li has abstained from voting on the relevant Board resolutions in the Board meeting to approve the transactions contemplated under the E-commerce Services Cooperation Framework Agreement.

Save as disclosed, there is no other Director who has a material interest in the transactions contemplated under the E-commerce Services Cooperation Framework Agreement.

## **GENERAL INFORMATION**

### *The Company*

The Company is principally engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments.

### *Tong Ren Tang Ltd.*

Tong Ren Tang Ltd. is principally engaged in the manufacturing and sale of Chinese medicines.

### *Tong Ren Tang Shuzi Technology*

Tong Ren Tang Shuzi Technology is principally engaged in pharmaceutical e-commerce business, providing operation management and advisory services.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Beijing Tong Ren Tang Chinese Medicine Company Limited, a limited company incorporated in Hong Kong, the shares of which were listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“E-commerce Services”	the e-commerce services to be provided by Shuzi Technology Group to the Group under the E-commerce Services Cooperation Framework Agreement, which include but not limited to the marketing services for the Group’s products in e-commerce channels, basic shop operation services and other services agreed by both parties
“E-commerce Services Cooperation Framework Agreement”	the e-commerce services cooperation framework agreement dated 14 March 2024 entered into between the Company and Tong Ren Tang Shuzi Technology, pursuant to which, the Company agreed to entrust Shuzi Technology Group to provide the E-commerce Services to the Group for the period from 14 March 2024 to 31 December 2024
“Group”	the Company and its subsidiaries (either directly owned or indirectly owned)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Shuzi Technology Group”	Tong Ren Tang Shuzi Technology and its subsidiaries (either directly owned or indirectly owned)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tong Ren Tang Group”	Tong Ren Tang Holdings, its subsidiaries (either directly owned or indirectly owned), its jointly-controlled entities and its associates
“Tong Ren Tang Holdings”	China Beijing Tong Ren Tang Group Co., Ltd., a state-owned enterprise established in the PRC on 17 August 1992 and is the ultimate controlling shareholder of the Company
“Tong Ren Tang Ltd.”	Beijing Tong Ren Tang Company Limited, a joint stock limited company established in the PRC on 18 June 1997, the shares of which have been listed on the Shanghai Stock Exchange since 1997 and is the intermediate holding company of the Company
“Tong Ren Tang Shuzi Technology”	Beijing Tong Ren Tang Shuzi Technology Co., Ltd.* (北京同仁堂數字科技有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of Tong Ren Tang Ltd.
“%”	per cents.

\* *For identification purposes only*

By order of the Board  
**Beijing Tong Ren Tang**  
**Chinese Medicine Company Limited**  
**Gu Hai Ou**  
*Chairman*

Hong Kong, 14 March 2024

As at the date of this announcement, the composition of the Board is as follows:

***Executive Directors:***

Mr. Gu Hai Ou (*Chairman*)  
Mr. Yu Jin  
Mr. Chen Fei

***Independent Non-executive Directors:***

Mr. Tsang Yok Sing, Jasper  
Mr. Xu Hong Xi  
Mr. Chan Ngai Chi

***Non-executive Director:***

Ms. Feng Li