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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: 1666)

**CONNECTED TRANSACTION**  
**ESTABLISHMENT OF A JOINT VENTURE**

On 25 May 2021, the Company, Tong Ren Tang Ltd., Tong Ren Tang Commercial and Baitu Information entered into the JV Contract, pursuant to which the parties agreed to establish the Joint Venture for engaging in the business of pharmaceutical e-commerce. The registered capital of the Joint Venture is RMB50,000,000, of which the Company, Tong Ren Tang Ltd., Tong Ren Tang Commercial and Baitu Information agreed to contribute RMB12,500,000, RMB12,500,000, RMB13,000,000 and RMB12,000,000 respectively, representing 25%, 25%, 26% and 24% of the registered capital of the Joint Venture respectively.

As Tong Ren Tang Ltd. directly holds 46.85% equity interest in the Company, it is the intermediate controlling shareholder of the Company and thus a connected person of the Company under the Listing Rules. Since Tong Ren Tang Commercial is a subsidiary of Tong Ren Tang Ltd., Tong Ren Tang Commercial is an associate of Tong Ren Tang Ltd. and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the JV Contract and the establishment of the Joint Venture thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the entering into of the JV Contract and the establishment of the Joint Venture thereunder exceed 0.1% but all the applicable percentage ratios are less than 5%, the entering into of the JV Contract and the establishment of the Joint Venture are subject to reporting and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## I. BACKGROUND

On 25 May 2021, the Company, Tong Ren Tang Ltd., Tong Ren Tang Commercial and Baitu Information entered into the JV Contract, pursuant to which the parties agreed to establish the Joint Venture for engaging in the business of pharmaceutical e-commerce.

## II. JV CONTRACT

**Date:** 25 May 2021

**Party:**

1. the Company;
2. Tong Ren Tang Ltd.;
3. Tong Ren Tang Commercial; and
4. Baitu Information.

As at the date of this announcement and immediately before completion of the transaction under the JV Contract, Baitu Information is held as to 51% and 49% by Ms. Bai and Mr. Bai respectively; Ms. Bai holds 49% equity interest in Shanxi Liansuo (a subsidiary of Tong Ren Tang Commercial), which holds 8% equity interest in Tong Ren Tang Linfen (a subsidiary of Tong Ren Tang Commercial) and 8% equity interest in Tong Ren Tang Luliang (a subsidiary of Tong Ren Tang Commercial) respectively; Mr. Bai holds 49% equity interest in Shanxi Yaoye (a subsidiary of Tong Ren Tang Commercial); and Ms. Bai and Mr. Bai are the ultimate beneficial owners of 24.5% equity interest in Tong Ren Tang Yangquan (a subsidiary of Tong Ren Tang Commercial) and 49% equity interest in Tong Ren Tang Shanxi (a subsidiary of Tong Ren Tang Jiankang).

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Baitu Information and its ultimate beneficial owners, i.e. Ms. Bai and Mr. Bai, are Independent Third Parties.

**Cooperation arrangement:** The parties agreed to establish the Joint Venture in the PRC for engaging in the business of pharmaceutical e-commerce.

**Registered capital:** The registered capital of the Joint Venture is RMB50,000,000, of which the Company, Tong Ren Tang Ltd., Tong Ren Tang Commercial and Baitu Information shall contribute RMB12,500,000, RMB12,500,000, RMB13,000,000 and RMB12,000,000 in currency respectively, representing 25%, 25%, 26% and 24% of the registered capital of the Joint Venture respectively.

The amount of capital contribution under the JV Contract was determined after arm's length negotiations between the parties, taking into account various factors, including but not limited to the nature of business, the demand for working capital and future development plan of the Joint Venture. The Company's proportional capital commitment will be funded by the Group's internal resources.

**Payment term:** The parties shall make capital contribution to the Joint Venture in proportion to their respective shareholding within 30 days of the establishment date of the Joint Venture.

**Other terms:**

1. When any JV Shareholder intends to transfer its equity interest in the Joint Venture to any party other than the JV Shareholders, the proposing JV Shareholder is obliged to notify and seek consent from the other JV Shareholders in writing. The JV Shareholders who do not consent to the transfer are obliged to purchase the equity interest proposed to be transferred and those who do not so purchase are deemed to have consented to the proposed transfer. When any JV Shareholder intends to transfer its equity interest in the Joint Venture to any party other than the JV Shareholders, the other JV Shareholders will have the right of first refusal to acquire such equity interest. However, the Company, Tong Ren Tang Ltd. or Tong Ren Tang Commercial will not be subject to such restriction in transferring its equity interest in the Joint Venture to its affiliated business enterprises.
2. Without the unanimous consent of the JV Shareholders, no party shall create any pledge or any other form of guarantee on the equity interest which it holds in the Joint Venture.

### **III. ACTING-IN-CONCERT ARRANGEMENT**

To ensure sustainable and stable development of the Joint Venture and to enhance the efficiency in its operational decision-making, the Company, Tong Ren Tang Ltd. and Tong Ren Tang Commercial entered into the Concerted Party Agreement on 25 May 2021, pursuant to which the parties agreed to act in concert in the decision-making at the Joint Venture, among other things, including that (1) they shall exercise their respective voting rights in a coordinated manner at the shareholders meetings, and (2) the two directors of the Joint Venture who are nominated by Tong Ren Tang Commercial shall seek the opinions of the Company and Tong Ren Tang Ltd. before exercising their powers at the board and shall act in concert when the board of directors vote.

#### **IV. REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE**

The establishment of the Joint Venture can integrate the internal and external resources of the group system of Tong Ren Tang. It helps achieving optimal resource allocation and gradual formation of an integrated platform for Tong Ren Tang pharmaceutical e-commerce business, thereby expanding the brand influence and boosting online sales of products. This satisfies the Company's future business needs and further enhances the long-term development of the Company's business.

The terms of the JV Contract have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the JV Contract and the transactions contemplated thereunder are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

#### **V. GENERAL INFORMATION OF THE PARTIES**

##### **The Company**

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

##### **Tong Ren Tang Ltd.**

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

##### **Tong Ren Tang Commercial**

Tong Ren Tang Commercial is principally engaged in the wholesale business of medicine.

##### **Baitu Information**

Baitu Information is principally engaged in the businesses of data processing, software application services, software development, and computer system integration services.

Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company, Tong Ren Tang Ltd. and Tong Ren Tang Commercial. Beijing SASAC is the ultimate beneficial owner of Tong Ren Tang Holdings.

#### **VI. IMPLICATIONS UNDER THE LISTING RULES**

As Tong Ren Tang Ltd. directly holds 46.85% equity interest in the Company, it is the intermediate controlling shareholder of the Company and thus a connected person of the Company under the Listing Rules. Since Tong Ren Tang Commercial is a direct non wholly-owned subsidiary of Tong Ren Tang Ltd., Tong Ren Tang Commercial is an associate of Tong Ren Tang Ltd. and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the JV Contract and the establishment of the Joint Venture thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the entering into of the JV Contract and the establishment of the Joint Venture thereunder exceed 0.1% but all the applicable percentage ratios are less than 5%, the entering into of the JV Contract and the establishment of the Joint Venture are subject to reporting and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Gu Hai Ou, the chairman of the Board, is also a member of the Standing Committee of Party Committee of Tong Ren Tang Holdings, he is deemed to have a material interest in the aforementioned connected transaction and thus has abstained from voting on the relevant Board resolutions. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Directors has a material interest in the JV Contract and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the Board resolution(s) for considering and approving the same.

## VII. DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Baitu Information”	means Beijing Xiao Baitu Information Technology Co., Ltd.* (北京小白兔信息技術有限公司), a limited liability company established in the PRC
“Beijing SASAC”	means the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“Board”	means the board of Directors
“Company”	means Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司), a joint stock company established in the PRC with limited liability and the H shares of which are listed on the Main Board of the Stock Exchange
“Concerted Party Agreement”	means the concerted party agreement dated 25 May 2021 entered into between the Company, Tong Ren Tang Ltd. and Tong Ren Tang Commercial in relation to the decision-making regarding the operation of the Joint Venture
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Joint Venture”	means the joint venture to be established in the PRC in the form of limited liability company pursuant to the JV Contract, the tentative name of which is Beijing Tong Ren Tang Shuzi Technology Co., Ltd.* (北京同仁堂數字科技有限公司)
“JV Contract”	means the joint venture contract dated 25 May 2021 entered into between the Company, Tong Ren Tang Ltd., Tong Ren Tang Commercial and Baitu Information in relation to the establishment and operation of the Joint Venture
“JV Shareholder(s)”	means the shareholders of the Joint Venture
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mr. Bai”	means Mr. Bai Yuandong, the father of Ms. Bai
“Ms. Bai”	means Ms. Bai Xue, the daughter of Mr. Bai
“percentage ratios”	means the percentage ratios as defined in Rule 14.04(9) of the Listing Rules
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Shanxi Liansuo”	means Beijing Tong Ren Tang Shanxi Liansuo Drugstore Co., Ltd.*(北京同仁堂山西連鎖藥店有限責任公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Commercial

“Shanxi Yaoye”	means Beijing Tong Ren Tang Shanxi Yaoye Co., Ltd.* (北京同仁堂山西藥業有限責任公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Commercial
“Shareholders”	means the shareholders of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Tong Ren Tang Commercial”	means Beijing Tong Ren Tang Commercial Investment Group Co., Ltd.(北京同仁堂商業投資集團有限公司), a limited liability company established in the PRC, 51.98% equity interest of which is held by Tong Ren Tang Ltd.
“Tong Ren Tang Holdings”	means China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司), a state-owned enterprise established in the PRC, which holds 52.45% equity interest in Tong Ren Tang Ltd. and is the ultimate controlling shareholder of the Company
“Tong Ren Tang Jiankang”	means Beijing Tong Ren Tang Jiankang Pharmaceutical Co., Ltd.* (北京同仁堂健康藥業股份有限公司), a joint stock limited company established in the PRC, 55.37% equity interest of which is beneficially owned by Tong Ren Tang Holdings
“Tong Ren Tang Linfen”	means Beijing Tong Ren Tang Linfen Liansuo Drugstore Co., Ltd.*(北京同仁堂臨汾連鎖藥店有限公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Commercial
“Tong Ren Tang Ltd.”	means 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 shares of which have been listed on the Shanghai Stock Exchange A Shares Market since 1997, which is the intermediate controlling shareholder of the Company
“Tong Ren Tang Luliang”	means Beijing Tong Ren Tang Luliang Pharmacy Co., Ltd.*(北京同仁堂呂梁藥店有限責任公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Commercial
“Tong Ren Tang Shanxi”	means Beijing Tong Ren Tang Shanxi Yangsheng Vinegar Co., Ltd.*(北京同仁堂山西養生醋業有限公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Jiankang

“Tong Ren Tang  
Yangquan”

means Beijing Tong Ren Tang Yangquan Pharmacy Co., Ltd.\*(北京同仁堂陽泉藥店有限公司), a limited liability company established in the PRC, 51% equity interest of which is held by Tong Ren Tang Commercial

“%”

means per cent

*\* For identification purposes only*

By order of the Board  
**Tong Ren Tang Technologies Co. Ltd.**  
**Gu Hai Ou**  
*Chairman of the Board*

Beijing, the PRC  
25 May 2021

*As at the date of this announcement, the Board comprises Mr. Gu Hai Ou, Mr. Jin Tao, Mr. Ma Guan Yu, Ms. Wu Qian, Mr. Wang Yu Wei and Ms. Fang Jia Zhi as executive Directors, Mr. Ting Leung Huel, Stephen, Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing as independent non-executive Directors.*