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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  
DISPOSAL OF THE TARGET ASSETS**

The Board is pleased to announce that on 29 September 2016, the Company entered into the Assets Transfer Agreement with Bozhou Herbal Pieces, pursuant to which the Company has agreed to dispose and Bozhou Herbal Pieces has agreed to acquire the Target Assets at a total consideration of RMB113,733,565.92.

Bozhou Herbal Pieces is an indirect subsidiary of Tong Ren Tang Holdings, the controlling shareholder of the Company and is therefore a connected person of the Company. As such, the transactions contemplated under the Assets Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.07 of the Hong Kong Listing Rules) in respect of the transactions contemplated under the Assets Transfer Agreement are more than 0.1% but less than 5%, therefore the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

**BACKGROUND**

The Board is pleased to announce that on 29 September 2016, the Company entered into the Assets Transfer Agreement with Bozhou Herbal Pieces, pursuant to which the Company has agreed to dispose and Bozhou Herbal Pieces has agreed to acquire the Target Assets at a total consideration of RMB113,733,565.92.

## **ASSETS TRANSFER AGREEMENT**

### **Date**

29 September 2016

### **Parties**

- (i) the Company, the transferor
- (ii) Bozhou Herbal Pieces, the transferee

### **Transaction**

Pursuant to the Assets Transfer Agreement, the Company has agreed to dispose and Bozhou Herbal Pieces has agreed to acquire the Target Assets at a total consideration of RMB113,733,565.92.

### **Basic Information of the Target Assets**

The Target Assets, being the land use right, construction in progress and related interests owned by the Company in Weiwu Avenue, Qiaocheng District, Bozhou, Anhui Province, the PRC, includes (i) land use right of 82.5 mu industrial site (the "**Industrial Site**") located in west side of the northern Weiwu Avenue, Qiaocheng District, Bozhou, Anhui Province, the PRC, of which the term of such land use right is 50 years from 1 June 2011 and the land use right certificate number is Bo Qiao Guo Yong (2011) No. 114, (ii) construction in progress, namely two completed integrated warehouse with building area of 31,342 square meters and two production workshops with building area of 18,239.4 square meters on the Industrial Site, and (iii) related interests, being the amortized value of fees rebate from transferring the land use right of the Industrial Site.

### **Consideration**

The consideration under the Assets Transfer Agreement, being RMB113,733,565.92 was agreed by parties after arm's length negotiations with reference to the Valuation prepared by the Independent Valuer, which sets out the appraised value of each of the land use right, the construction in progress and related interests as at the Valuation Reference Date, being RMB9.4904 million, RMB112.6571 million and RMB-8.4139 million, respectively, and was prepared or determined based on market-based approach, replacement cost method and the book value, respectively. The Valuation report will be filed with Beijing SASAC, and if there is any change or adjustment to the results of the Valuation, the Company and Bozhou Herbal Pieces agreed to negotiate in good faith to agree on adjustments to the initial price and any other consequential amendments that may be necessary.

## Payment Arrangement

The consideration under the Assets Transfer Agreement shall be settled by Bozhou Herbal Pieces in cash in a lump sum within 60 days after the Assets Transfer Agreement become effective by remitting to the designated bank account of the Company.

## Conditions Precedent

The Assets Transfer Agreement shall take effect upon:

- (i). the transfer contemplated under the Assets Transfer Agreement being reviewed and approved by Beijing SASAC;
- (ii). the transfer of the Target Assets under the Assets Transfer Agreement being approved or authorized according to laws and respective articles of association of the Company and Bozhou Herbal Pieces, including but not limited to being approved by their respective boards of directors; and
- (iii). being signed and chopped by the Company and Bozhou Herbal Pieces.

## Financial Information of the Target Assets

Pursuant to the Chinese Accounting Standards, the unaudited total assets and net assets of the Target Assets as at 31 July 2016 are set out below:

	Unaudited total assets as at 31 July 2016 (RMB)	Unaudited net assets as at 31 July 2016 (RMB)
Land use right	9,651,200.00	8,750,421.52
Construction in progress	105,124,816.00	105,124,816.00
Related interests	-9,280,000.00	-8,413,866.48

Pursuant to the Chinese Accounting Standards, there is no identifiable profit of the Target Assets for the two financial years ended 31 December 2015.

## REASONS FOR AND BENEFIT OF ENTERING INTO THE ASSETS TRANSFER AGREEMENT

Due to the released policy of easing the Beijing non-capital core function, the Company's overall industrial layout was adjusted accordingly. After repeat special demonstrations and on-site investigations, the Company planned to dispose the overall Target Assets in Bozhou, Anhui Province, the PRC. The Company is of the view that entering into the Assets Transfer Agreement is in line with the Company's strategic development and is beneficial to optimising the Company's industrial layout.

As such, the Directors (including the independent non-executive Directors) are of the view that the Assets Transfer Agreement were entered into on normal commercial terms, and although the transactions thereunder are not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and in line with the overall development strategy of the Group as well as in the interests of the Company and its shareholders as a whole.

## **THE EFFECT OF THE TRANSACTIONS ON THE COMPANY**

The Directors estimate that the Group's gains from the Assets Transfer Agreement are expected to be approximately RMB900,000 based on the carrying amount of the Target Assets as at the Valuation Reference Date. The calculation basis is the consideration of the transfer deducts the costs and estimated accrued tax in the transaction.

## **APPLICATION OF CONSIDERATION UNDER THE ASSETS TRANSFER AGREEMENT**

The total consideration under the Assets Transfer Agreement, being RMB113,733,565.92, to be received by the Group will be applied as, among others, general working capital of the Group for (i) its sustainable development and general corporate purposes; and (ii) further strengthening the cash flow of the Group.

## **HONG KONG LISTING RULES IMPLICATIONS**

Bozhou Herbal Pieces is an indirect subsidiary of Tong Ren Tang Holdings, the controlling shareholder of the Company and is therefore a connected person of the Company. As such, the transactions contemplated under the Assets Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.07 of the Hong Kong Listing Rules) in respect of the transactions contemplated under the Assets Transfer Agreement are more than 0.1% but less than 5%, therefore the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. Gao Zhen Kun, being the Chairman of the Board and also the director of Tong Ren Tang Holdings, is deemed to have material interest in the Assets Transfer Agreement, and thus have been required to abstain from voting on the relevant resolution at the Board meeting. Save as disclosed above, none of the other Directors has material interests in the transactions thereunder and is required to abstain from voting on the resolution related thereto.

## **GENERAL INFORMATION ON THE PARTIES**

### **The Company**

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

## **Bozhou Herbal Pieces**

Bozhou Herbal Pieces is principally engaged in the business of Chinese herbal piece processing, proprietary trading and agency for import and export commodities, etc..

### **DEFINITIONS**

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

"associate(s)"	has the meaning ascribed under the Hong Kong Listing Rules
"Assets Transfer Agreement"	the assets transfer agreement entered into by the Company and Bozhou Herbal Pieces dated 29 September 2016 in respect of the disposal of the Target Assets
"Beijing SASAC"	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality
"Board"	the board of directors of the Company
"Bozhou Herbal Pieces"	Beijing Tong Ren Tang (Bozhou) Herbal Pieces Co. Ltd. (北京同仁堂(亳州)飲片有限責任公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of Tong Ren Tang Holdings
"Company"	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 PRC with limited liability and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries and associates
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Independent Valuer"	Beijing Zhongwei Chenguang Assets Appraisal Co. Ltd. (北京中威辰光資產評估有限公司)
"PRC"	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Target Assets"	the assets to be disposed by the Company to Bozhou Herbal Pieces pursuant to the Assets Transfer Agreement, including land use right, construction in progress and related interests.
"Tong Ren Tang 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 controlling shareholder of the Company
"Valuation"	the valuation conducted by the Independent Valuer in relation to the value of the Target Assets as at the Valuation Reference Date, which is subject to the approval of Beijing SASAC
"Valuation Reference Date"	31 May 2016, being the reference date adopted by the Independent Valuer in the Valuation

By order of the Board  
**Tong Ren Tang Technologies Co. Ltd.**  
**Gao Zhen Kun**  
*Chairman of the Board*

Beijing, the PRC  
29 September 2016

*As at the date of this announcement, the Board comprises Mr. Gao Zhen Kun, Mr. Gong Qin, Mr. Gu Hai Ou, Mr. Li Bin, Mr. Wang Yu Wei and Ms. Fang Jia Zhi as executive Directors; Miss Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.*