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: 1666)

PROPOSED CAPITALIZATION ISSUE

The Board is pleased to announce that relevant resolution has been passed at a meeting of the Board held on 20 March 2014 in relation to the proposed capitalization of the capital reserve of the Company into ordinary shares of the Company to be allotted and issued to the Shareholders on the basis of one (1) Capitalization Share for every Share held by the Shareholders whose names appear on the register of members of the Company on the Record Date. The proposed Capitalization Issue shall become effective upon the fulfilment of the conditions as set out in this announcement.

A circular containing, amongst other things, detailed information in relation to the proposed Capitalization Issue, together with a notice convening the AGM, a notice convening the H Share Class Meeting, as well as a notice convening the Domestic Share Class Meeting will be despatched to the Shareholders in due course.

I. Proposed Capitalization Issue

The Board is pleased to announce that relevant resolution has been passed at a meeting of the Board held on 20 March 2014 in relation to the proposed capitalization of the capital reserve of the Company into ordinary shares of the Company to be allotted and issued to the Shareholders on the basis of one (1) Capitalization Share for every Share held by the Shareholders whose names appear on the register of members of the Company on the Record Date.

As at the date of this announcement, the registered and issued share capital of the Company is RMB640,392,000, which is divided into 314,352,000H Shares and 326,040,000 Domestic Shares with a nominal value of RMB1.00 each. Upon completion of the proposed Capitalization Issue on the basis of one (1) Capitalization Share for every Share held by the Shareholders whose names appear on the register of members of the Company on the Record Date and assuming that no further H Shares or Domestic Shares will be issued or repurchased from the date of this announcement to the completion of the proposed Capitalization Issue, an aggregate of 640,392,000 Capitalization Shares comprising 314,352,000 Capitalization H Shares and 326,040,000 Capitalization Domestic Shares will be issued , and the registered and issued share capital of the Company will be increased to RMB1,280,784,000.

The Capitalization Shares will be credited as fully paid by way of capitalization of an amount in the capital reserve account of the Company which is equal to the aggregate nominal value of the Capitalization Shares to be issued.

II. Conditions to the Capitalization Issue

The proposed Capitalization Issue shall become effective upon the fulfilment of the following conditions:

i. the proposed Capitalization Issue having been approved by the Shareholders at the AGM, the H Share Class Meeting and the Domestic Share Class Meeting of the Company, respectively; and

ii. the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Capitalization H Shares.

III. Entitlements of the Capitalization Shares and Treatment of Fraction of Capitalization Shares

The Capitalization Shares will rank pari passu in all respects with the existing H Shares and Domestic Shares, as the case may be, in issue on the Record Date. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued, but will not be entitled to the final dividend of the Company for the year ended 31 December 2013 which is subject to the approval of the Shareholders at the AGM.

On the basis of one (1) Capitalization Share for every Share held by the Shareholders on the Record Date, the Company will not allot any fraction of the Capitalization Shares pursuant to the proposed Capitalization Issue.

IV. Effect of the Proposed Capitalization Issue on the Shareholding Structure of the Company

Set out below is the shareholding structure of the Company as at the date of this announcement and upon completion of the proposed Capitalization Issue (assuming that no further H Shares or Domestic Shares will be issued or repurchased from the date of this announcement to the completion of the proposed Capitalization Issue):

	As at the date of this announcement		***upon completion of the proposed Capitalization Issue***	
	Number of Shares	*%*	*Number of Shares*	*%*
Domestic Shares	326,040,000	50.91	652,080,000	50.91
H Shares	314,352,000	49.09	628,704,000	49.09
Total	**640,392,000**	**100**	**1,280,784,000**	**100**

V. Overseas Shareholders

The Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and upon the enquiry, if the Board is of the view that for Overseas Shareholders who will not be entitled to the Capitalization Shares because of the legal restrictions under the laws or statutory regulations of their jurisdiction or the requirements of the stock exchange in that jurisdiction, arrangements will be made for the Capitalization Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholder, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK$100 in which case it will be retained for the benefit of the Company.

VI. Listing and Dealings

Application will be made to the listing committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Capitalization H Shares.

Subject to the granting of the listing of, and permission to deal in, the Capitalization H Shares on the Stock Exchange and the compliance on stock admission required by HKSCC, the Capitalization H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from the date of commencement of dealings in the Capitalization H Shares or such other date as determined by HKSCC.

VII. Reasons for the Proposed Capitalization Issue

The Board believes that the Capitalization Issue i) will allow the Shareholders to participate in the growth of the Company by way of conversion of the capital reserve; ii) will provide the Company with a wider capital base and therefore increase the marketability of the Shares; and iii) is a return to the long-term support and care of the Shareholders.

Other than the expenses incurred by and in relation to the proposed Capitalization Issue, the proposed Capitalization Issue will not alter the underlying assets, business operations, management or financial position of the Company or the interests of its Shareholders. The Board believes that the proposed Capitalization Issue will not have any adverse impact on the financial position of the Company.

VIII. Expected Timetable

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Last time for lodging transfer of H Shares in order to be qualified for attending and voting at the AGM and the Class Meetings	4:30 p.m. on Monday, 12 May 2014
Register of members of H Shares closes	from Tuesday, 13 May 2014 to Thursday, 12 June 2014 (both days inclusive)
Last time for lodging the proxy forms for the AGM	9:30 a.m. on Wednesday, 11 June 2014
Last time for lodging the proxy forms for the H Share Class Meeting	10:00 a.m. on Wednesday, 11 June 2014
Last time for lodging the proxy forms for the Domestic Share Class Meeting	10:30 a.m. on Wednesday, 11 June 2014
AGM	9:30 a.m. on Thursday, 12 June 2014

H Share Class Meeting	10:00 a.m. on Thursday, 12 June 2014
Domestic Share Class Meeting	10:30 a.m. on Thursday, 12 June 2014
Publication of the poll results of the AGM, he H Share Class Meeting and the Domestic Share Class Meeting	Thursday, 12 June 2014
Last day of dealings in H Shares on a cum-entitlement basis	Monday, 16 June 2014
First day of dealings in H Shares on an ex-entitlement basis	Tuesday, 17 June 2014
Latest time for lodging transfer of H Shares in order to be entitled to the Capitalization H Shares	4:30 p.m. on Wednesday, 18 June 2014
Register of members of H Shares closes	from Thursday, 19 June 2014 to Monday, 23 June 2014 (both days inclusive)
Record Date	Monday, 23 June 2014
Register of members of H Shares re-opens	Tuesday, 24 June 2014
Certificates for the Capitalization H Shares are expected to be despatched on or before	Wednesday, 2 July 2014
Commencement of dealings in the Capitalization H Shares	Thursday, 3 July 2014

IX. Closure of Register of Members of H Shares

The register of members of H Shares will be closed for the period as set out below, during which time no transfer of H Shares will be registered. In order to be qualified for attending and voting at the AGM and the H Share Class Meeting, and for the allotment and issue of the Capitalization H Shares, all transfer documents of the holders of H Shares must be lodged with the Company's H Share registrar and transfer office, Hong Kong Registrars Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the deadlines as set out below:

(i) To be qualified for attending and voting at the AGM and the H Share Class Meeting

Deadline for lodging the transfer documents with Hong Kong Registrars Limited	4:30 p.m. on Monday, 12 May 2014
Book closure period	from Tuesday, 13 May 2014 to Thursday, 12 June 2014 (both days inclusive)
Record date	Thursday, 12 June 2014

(ii) To be qualified for the allotment and issue of the Capitalization H Shares

Deadline for lodging the transfer documents with Hong Kong Registrars Limited	4:30 p.m. on Wednesday, 18 June 2014
Book closure period	from Thursday, 19 June 2014 to Monday, 23 June 2014 (both days inclusive)
Record date	Monday, 23 June 2014

X. General

Subject to the approval by the Shareholders, the Board shall be authorised to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure of the Company upon completion of the Capitalization Issue.

A circular containing, amongst other things, detailed information in relation to the proposed Capitalization Issue, together with a notice convening the AGM, a notice convening the H Share Class Meeting, as well as a notice convening the Domestic Share Class Meeting will be despatched to the Shareholders in due course.

XI. Definitions

"AGM"	means the 2013 annual general meeting of the Company to be convened at 9:30 a.m. on Thursday, 12 June 2014
"Articles of Association"	means the articles of association of the Company
"Board"	means the board of Directors
"Capitalization Domestic Share(s)"	means the new Domestic Shares to be allotted and issued under the Capitalization Issue
"Capitalization H Share(s)"	means the new H Shares to be allotted and issued under the Capitalization Issue
"Capitalization Issue"	means the proposed capitalization of the capital reserve of the Company into ordinary shares of the Company to be allotted and issued to the Shareholders on the basis of one (1) Capitalization Share for every Share held by the Shareholders whose names appear on the register of members of the Company on the Record Date
"Capitalization Share(s)"	means the Capitalization Domestic Shares and the Capitalization H Shares
"CCASS"	means the Central Clearing and Settlement System established and operated by HKSCC
"Class Meetings"	the H Share Class Meeting and the Domestic Share Class Meeting, collectively

"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 incorporated in the PRC with limited liability and whose H shares are listed and traded on the Main Board of the Stock Exchange
"Directors"	means the directors of the Company
"Domestic Share(s)"	means the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for in RMB
"Domestic Share Class Meeting"	means the meeting of the holders of Domestic Shares to be convened at 10:30 a.m. on Thursday, 12 June 2014
"H Share(s)"	means the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00each, which is/are listed on the Stock Exchange and subscribed for in Hong Kong dollars
"H Share Class Meeting"	means the meeting of the holders of H Shares to be convened at 10:00 a.m. on Thursday, 12 June 2014
"HKSCC"	means Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Overseas Shareholders"	means holders of H Shares whose addresses as shown on the register of members of H Shares are outside Hong Kong on the Record Date, if any
"PRC"	means the People's Republic of China
"Record Date"	23 June 2014, being the date for determining the Shareholders' entitlement to the Capitalization Shares
"RMB"	means Renminbi, the lawful currency of the PRC

"Share(s)"	means ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, including Domestic Share(s) and H Share(s)
"Shareholders"	means the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Beijing, the PRC
20 March 2014

As at the date of this announcement, the Board comprises Mr. Mei Qun, Mr. Xie Zhan Zhong, Mr. Yin Shun Hai, Mr. Wang Yu Wei, and Ms. Fang Jia Zhi as executive Directors; Ms. Tam Wai Chu, Maria, Mr. Ting Leung Huel, Stephen and Mr. Jin Shi Yuan as independent non-executive Directors.