



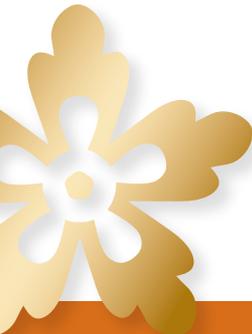
Beijing Tong Ren Tang  
Chinese Medicine Company Limited

北京同仁堂國藥有限公司

(incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

Stock code 股份代號：8138



HEALTHY LIFE  
GLOBAL CHOICE

創造健康 全球共享



第一  
季度  
業  
績  
報  
告



First Quarterly Report 2015



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Beijing Tong Ren Tang Chinese Medicine Company Limited (the “Company”, and its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## CORPORATE INFORMATION

### DIRECTORS

#### Non-executive Director

Mei Qun (*Chairman*)

#### Executive Directors

Ding Yong Ling  
Zhang Huan Ping  
Lin Man

#### Independent Non-Executive Directors

Leung, Oi Sie Elsie  
Zhao Zhong Zhen  
Chan Ngai Chi

### AUDIT COMMITTEE

Chan Ngai Chi (*Chairman*)  
Leung, Oi Sie Elsie  
Zhao Zhong Zhen

### NOMINATION COMMITTEE

Leung, Oi Sie Elsie (*Chairman*)  
Chan Ngai Chi  
Ding Yong Ling

### REMUNERATION COMMITTEE

Zhao Zhong Zhen (*Chairman*)  
Chan Ngai Chi  
Ding Yong Ling

### COMPANY SECRETARY

Lin Man

### COMPLIANCE OFFICER

Ding Yong Ling

### AUTHORISED REPRESENTATIVES

Ding Yong Ling  
Lin Man

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### COMPANY'S WEBSITE

[www.tongrentangcm.com](http://www.tongrentangcm.com)

### REGISTERED ADDRESS

Room 1405–1409, Office Tower  
Convention Plaza, 1 Harbour Road  
Wanchai  
Hong Kong

### LEGAL ADVISER

DLA Piper Hong Kong  
17th Floor, Edinburgh Tower  
The Landmark, 15 Queen's Road Central  
Hong Kong

### COMPLIANCE ADVISOR

Kim Eng Securities (Hong Kong) Limited  
30th Floor, Three Pacific Place  
1 Queen's Road East  
Admiralty  
Hong Kong

### AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building  
Central  
Hong Kong

### STOCK CODE

8138

# FINANCIAL HIGHLIGHTS

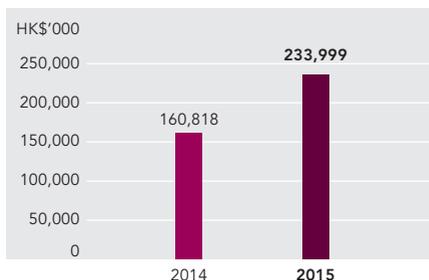


(HK\$'000)	Three months ended		
	2015	2014	Change
Revenue	<b>233,999</b>	160,818	+ 45.5%
Gross profit	<b>155,037</b>	115,492	+ 34.2%
Profit attributable to Owners of the Company	<b>83,002</b>	66,403	+ 25.0%
Earnings per share	<b>HK\$0.10</b>	HK\$0.08	+ 25.0%

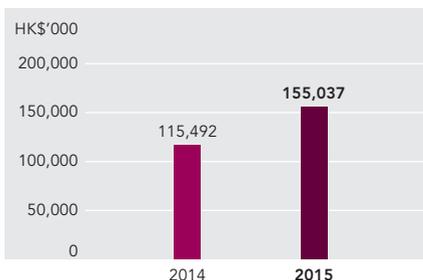
## Financial Analysis

For the three months ended 31 March 2015

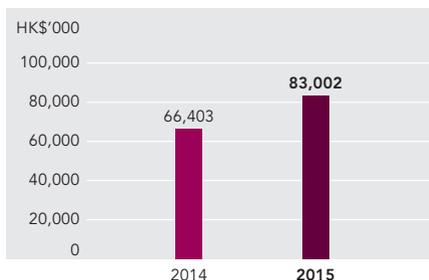
### Revenue



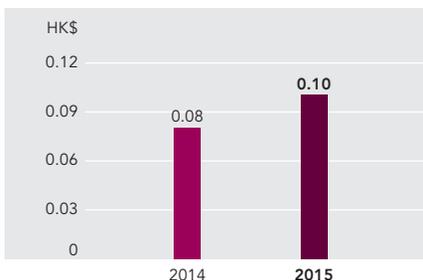
### Gross Profit



### Profit Attributable to Owners of the Company



### Earnings Per Share





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the three months ended 31 March 2015 (the “Period”), the revenue of the Group was HK\$234.0 million (2014: HK\$160.8 million), representing an increase of 45.5% as compared to the same period last year, and the profit for the Period attributable to owners of the Company was HK\$83.0 million (2014: HK\$66.4 million), representing an increase of 25.0% as compared to the same period last year.

The Chinese medicine industry is a mix of traditional culture and modern high-tech that directly link up with one’s livelihood. As the global population ages and the community’s living standards improve, the development of Chinese medicine industry and its medical services are important to the enhancement of one’s quality of life and health preservation and should facilitate economic and social development of a community. The Group is a global leader in Chinese medicine industry. Being uniquely positioned, the Group will continue to establish an internationalized and modernized healthcare services platform with scale covering the entire industry chain, while propagating the culture of Chinese medicine and health and wellness.

As the overseas development platform of Tong Ren Tang, the Group has expanded overseas and established global presence with its base in Hong Kong. The Group actively expanded its Hong Kong and overseas markets to enhance the brand of Tong Ren Tang. As at 31 March 2015, the Group has set up its business in 15 countries and regions with 56 retail outlets outside the PRC, including Hong Kong, Thailand, Malaysia, Canada, Macao, Korea, Indonesia, Singapore, Australia, Cambodia, Brunei, Dubai, Poland, the United Kingdom and New Zealand.

As foundation of the Group’s global development, opportunities in the Chinese medicine market in Hong Kong has continued to be massive. On 27 February 2015, the Company completed the acquisition of 51% of the issued share capital of Honour Essence Trading Limited (“Honour Essence”), at a total consideration of HK\$71,426,000, which was settled by the allotment and issue of 7,100,000 shares of the Company at HK\$10.06 each by the Company to the vendor. The Group will leverage on the existing distribution network of Honour Essence to further enhance the Group’s competitiveness and market share, consolidating the leading position of the Tong Ren Tang branded products in Hong Kong.

While exploring the markets and identifying quality investment, the Group will continue to leverage on local premium resources, talents and advanced technology in overseas markets to develop new Tong Ren Tang branded products. During the Period, the Group has completed the stability studies of three healthcare products.



## FUTURE PROSPECTS

In response to the demand of internationalization of Chinese medicine, the Group will continue to expand and promote the culture of Chinese medicine in the overseas markets. By utilizing local resources and the capital markets, we will leverage on our brand and the concept of health and wellness to access to the overseas Chinese community, gradually expose ourselves to the westernized mainstream market so that westerners shall eventually understand the culture of traditional Chinese medicine, broaden the penetration and impact of Tong Ren Tang brand overseas via localization and activities in the capital markets.

# CONDENSED CONSOLIDATED INCOME STATEMENT

The board of Directors (the "Board") is pleased to announce the unaudited results of the Group for the three months ended 31 March 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

	Note	Unaudited Three months ended 31 March	
		2015 HK\$'000	2014 HK\$'000
Revenue	3	233,999	160,818
Cost of sales		(78,962)	(45,326)
<b>Gross profit</b>		<b>155,037</b>	115,492
Distribution and selling expenses		(33,441)	(24,022)
General and administrative expenses		(18,011)	(12,557)
Other gains		465	444
<b>Operating profit</b>		<b>104,050</b>	79,357
Finance income, net		2,247	2,780
Share of profit/(loss) of investments accounted for using the equity method		258	(119)
<b>Profit before income tax</b>		<b>106,555</b>	82,018
Income tax expense	4	(18,883)	(13,724)
<b>Profit for the period</b>		<b>87,672</b>	68,294
<b>Profit attributable to:</b>			
Owners of the Company		83,002	66,403
Non-controlling interests		4,670	1,891
		<b>87,672</b>	68,294
<b>Earnings per share attributable to owners of the Company</b> (expressed in HK\$ per share)			
Basic and diluted earnings per share	5	0.10	0.08

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



	Unaudited Three months ended 31 March	
	2015 HK\$'000	2014 HK\$'000
<b>Profit for the period</b>	<b>87,672</b>	68,294
<b>Other comprehensive income:</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(7,141)	(446)
<b>Total comprehensive income for the period</b>	<b>80,531</b>	67,848
<b>Attributable to:</b>		
Owners of the Company	77,816	66,089
Non-controlling interests	2,715	1,759
<b>Total comprehensive income for the period</b>	<b>80,531</b>	67,848

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited									
	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total Equity HK\$'000
<b>At 1 January 2014</b>	415,000	452,363	(13,124)	742	1,634	6,141	410,959	1,273,715	36,004	1,309,719
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	-	66,403	66,403	1,891	68,294
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	-	-	(314)	-	(314)	(132)	(446)
<b>Total comprehensive income</b>	-	-	-	-	-	(314)	66,403	66,089	1,759	67,848
Transfer of retained profits to statutory reserve	-	-	-	-	390	-	(390)	-	-	-
Transfer to no-par value regime on 3 March 2014	452,363	(452,363)	-	-	-	-	-	-	-	-
Capital contribution to a newly formed subsidiary	-	-	-	-	-	-	-	-	3,806	3,806
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	-	390	-	(390)	-	3,806	3,806
<b>At 31 March 2014</b>	867,363	-	(13,124)	742	2,024	5,827	476,972	1,339,804	41,569	1,381,373
<b>At 1 January 2015</b>	867,363	-	(13,124)	742	2,927	(2,549)	630,390	1,485,749	51,112	1,536,861
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	-	83,002	83,002	4,670	87,672
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	-	-	(5,186)	-	(5,186)	(1,955)	(7,141)
<b>Total comprehensive income</b>	-	-	-	-	-	(5,186)	83,002	77,816	2,715	80,531
Transfer of retained profits to statutory reserve	-	-	-	-	593	-	(593)	-	-	-
Issue of new shares	71,426	-	-	-	-	-	-	71,426	-	71,426
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>	71,426	-	-	-	593	-	(593)	71,426	-	71,426
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	21,144	21,144
Changes in ownership interests in a subsidiary without change of control	-	-	-	88	-	-	-	88	921	1,009
<b>Total changes in ownership interests in subsidiaries that do not result in a loss of control</b>	-	-	-	88	-	-	-	88	22,065	22,153
<b>Total transactions with owners, recognised directly in equity</b>	71,426	-	-	88	593	-	(593)	71,514	22,065	93,579
<b>At 31 March 2015</b>	938,789	-	(13,124)	830	3,520	(7,735)	712,799	1,635,079	75,892	1,710,971



## 1 GENERAL INFORMATION

The Group is engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments. The immediate holding company of the Company is Tong Ren Tang Technologies Co., Ltd. (“Tong Ren Tang Technologies”) which is a limited liability company established in the People’s Republic of China (the “PRC”) and is listed on the Main Board of the Stock Exchange. The intermediate holding company of the Company is Beijing Tong Ren Tang Co., Ltd. (“Tong Ren Tang Ltd.”) which is a joint stock limited company incorporated in the PRC and is listed on the Shanghai Stock Exchange. The ultimate holding company of the Company is China Beijing Tong Ren Tang (Holdings) Corporation (“Tong Ren Tang Holdings”) which is a company incorporated in the PRC.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 1405–1409, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The condensed consolidated results are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These condensed consolidated results has been approved for issue by the Board on 28 April 2015.

These condensed consolidated results have not been audited.

## 2 BASIS OF PREPARATION

These condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and applicable disclosure requirements of the GEM Listing Rules.

These condensed consolidated results have been prepared under the historical cost convention. The accounting policies used in the preparation of these condensed consolidated results are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2014.

The HKICPA has issued a number of new and revised standards and amendments to standards. The Group has adopted the new and revised standards and amendments to standards which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2015. The adoption of these new and revised standards and amendments to standards does not have any significant financial effect on Group’s results and financial position.

The Group has not early adopted the new and revised standards and amendments to standards that have been issued but are not yet effective for the three months ended 31 March 2015.

# NOTES TO FIRST QUARTERLY FINANCIAL INFORMATION

## 3 REVENUE

	Unaudited Three months ended 31 March	
	2015 HK\$'000	2014 HK\$'000
Sales of products	225,960	154,712
Service income	7,866	5,969
Royalty fee income	173	137
	<b>233,999</b>	160,818

## 4 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the three months ended 31 March 2015. PRC corporate income tax has been provided at the rate of 25% (2014: 25%) on the estimated assessable profits for three months ended 31 March 2015 of the subsidiaries operating in the PRC. Taxation on overseas profits has been calculated on the estimated assessable profit for the three months ended 31 March 2015 at the rates of taxation prevailing in the countries in which the entities operate.

	Unaudited Three months ended 31 March	
	2015 HK\$'000	2014 HK\$'000
Current income tax		
Hong Kong	16,949	12,163
The PRC	1,978	1,017
Overseas	1,287	809
	<b>20,214</b>	13,989
Deferred income tax	(1,331)	(265)
	<b>18,883</b>	13,724



## 5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Profit attributable to owners of the Company	<b>83,002</b>	66,403
Weighted average number of shares in issue ( <i>thousand shares</i> )	<b>832,603</b>	830,000
Earnings per share ( <i>HK\$</i> )	<b>0.10</b>	0.08

For the three months ended 31 March 2015 and 2014, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive shares.

## 6 DIVIDEND

The Directors did not declare any dividend to the shareholders of the Company for the three months ended 31 March 2015 (2014: Nil).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2015, the interest and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")) of Directors and chief executive of the Company which would have to be notified to the Company pursuant to Divisions 7 and 8 of part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in shares

	Types of interests	Capacity	Number of shares	Approximate Percentage of issued share capital
<b>The Company</b>				
Ding Yong Ling	Personal	Beneficial owner	200,000	0.024%
Lin Man	Personal	Beneficial owner	190,000	0.023%
<b>Tong Ren Tang Technologies</b>				
Mei Qun	Personal	Beneficial owner	3,000,000 <sup>(1)</sup>	0.234%
<b>Tong Ren Tang Ltd.</b>				
Mei Qun	Personal	Beneficial owner	93,242 <sup>(2)</sup>	0.007%

Notes:

- (1) These shares represent 0.46% of domestic shares of Tong Ren Tang Technologies.
- (2) All represent A shares of Tong Ren Tang Ltd.

Save as disclosed above, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.

## OTHER INFORMATION



### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the interest of the persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

#### Long position in shares

Name of shareholder	Capacity	Number of shares	Approximate percentage of issued share capital
Tong Ren Tang Technologies	Beneficial owner	318,540,000	38.05%
Tong Ren Tang Ltd. <sup>(1)</sup>	Beneficial owner	281,460,000	33.62%
	Interest of a controlled corporation	318,540,000	38.05%
Tong Ren Tang Holdings <sup>(2)</sup>	Interest of a controlled corporation	600,000,000	71.67%
Greenwoods Asset Management Holdings Limited <sup>(3)</sup>	Interest of controlled corporation	41,885,000	5.00%
Greenwoods Asset Management Limited <sup>(3)</sup>	Interest of controlled corporation	41,885,000	5.00%
Jiang Jinzhi <sup>(3)</sup>	Interest of controlled corporation	41,885,000	5.00%
Unique Element Corp. <sup>(3)</sup>	Interest of controlled corporation	41,885,000	5.00%

Notes:

- (1) Tong Ren Tang Ltd. directly holds 46.85% of the issued share capital of Tong Ren Tang Technologies. Accordingly, Tong Ren Tang Ltd. is deemed to be interested in 318,540,000 shares of the Company held by Tong Ren Tang Technologies.
- (2) Tong Ren Tang Holdings directly holds 52.45% of the issued share capital of Tong Ren Tang Ltd. which in turn directly holds 46.85% of the issued share capital of Tong Ren Tang Technologies. Tong Ren Tang Holdings also directly holds 0.74% of the issued share capital of Tong Ren Tang Technologies. Accordingly, Tong Ren Tang Holdings is deemed to be interested in 318,540,000 shares of the Company and 281,460,000 shares of the Company held by Tong Ren Tang Technologies and Tong Ren Tang Ltd., respectively.

## OTHER INFORMATION

- (3) According to the disclosure forms filed by Greenwoods Asset Management Holdings Limited, Greenwoods Asset Management Limited, Jiang Jinzhi and Unique Element Corp. on 25 March 2015, the following interests in shares of the Company were held by Greenwoods Asset Management Holdings Limited, Greenwoods Asset Management Limited, Jiang Jinzhi and Unique Element Corp. as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)		Number of shares
Unique Element Corp.	Jiang Jinzhi	100.00	N	Long position	41,885,000
Greenwoods Asset Management Holdings Limited	Unique Element Corp.	81.00	N	Long position	41,885,000
Greenwoods Asset Management Limited	Greenwoods Asset Management Holdings Limited	100.00	N	Long position	41,885,000
Golden China Master Fund	Jiang Jinzhi	100.00	Y	Long position	7,685,000
Greenwoods Asset Management Limited	Greenwoods Asset Management Holdings Limited	100.00	N	Long position	21,920,000
Greenwoods China Alpha Master Fund	Greenwoods Asset Management Limited	100.00	Y	Long position	8,937,000
Golden China Plus Master Fund	Jiang Jinzhi	100.00	Y	Long position	3,343,000

Save as disclosed above, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## OTHER INFORMATION



### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section “Directors’ and chief executives’ interests in shares” above, at no time during the Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### INTERESTS IN COMPETING BUSINESSES

To ensure that the business classification between the Company, and Tong Ren Tang Ltd., Tong Ren Tang Technologies and Tong Ren Tang Holdings (collectively the “Controlling Shareholders”) are properly documented and established, each of the Controlling Shareholders entered into a deed of non-competition in favour of the Company on 18 April 2013 (“Deed of Non-competition”), details of which are set out in the prospectus of the Company dated 25 April 2013 (the “Prospectus”), mainly to the effect that at any time until their collective beneficial interest in the equity interest in the Company is less than 30%, each of them shall not, and shall procure their respective subsidiaries (except through its interests in the Group) not to, without prior written consent of the Company, directly or indirectly:

- (i) engage in the research, development, manufacture and sales of any products containing ganoderma lucidum or ganoderma lucidum spores as raw materials in Hong Kong, Macao and markets outside of the PRC (the “Non-PRC Markets”);
- (ii) engage in the research, development, manufacture and sale of any products with “Tong Ren Tang” brands in Non-PRC Markets, except for the manufacture of the Chinese medicine products for the two independent third parties in Japan; for the avoidance of doubt and without prejudice to the generality of the Deed of Non-competition, except for the current excluded business in Japan, engage in arrangement with any other parties in the Non-PRC Markets similar to the excluded business in Japan;
- (iii) carry out any sales or registration (new or renewal) for Angong Niu Huang Pills in the Non-PRC Markets;
- (iv) engage in the distribution of any Chinese medicine products in Non-PRC Markets, except for certain existing arrangements as disclosed in the Prospectus; and
- (v) carry out any new overseas registration of “Tong Ren Tang” branded products ((i) to (v) are collectively known as “Restricted Business”).



## OTHER INFORMATION

In addition, under the Deed of Non-competition, each of the Controlling Shareholders has also undertaken that if each of them and/or any of its associates is offered or becomes aware of any project or new business opportunity (“New Business Opportunity”) that relates to the Restricted Business, whether directly or indirectly, it shall (i) promptly and in any event not later than seven days notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to it and/or its associates. The Directors (including the independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity within thirty (30) business days of receipt of notice from Controlling Shareholders.

Tong Ren Tang Holdings has also granted the Company rights of first refusal to acquire its interest in Beijing Tong Ren Tang Hong Kong Medicine Management Limited, Beijing Tong Ren Tang (UK) Limited and Beijing Tong Ren Tang Tai Fong Co., Ltd. on terms which are not less favorable than the terms it wishes to sell to other parties.

In this connection, the Group adopted the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of the shareholders of the Company:

- (i) the independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-competition by the Controlling Shareholders; and
- (ii) the Company will disclose the review by the independent non-executive Director with basis on the compliance with and enforcement of the terms of the Deed of Non-competition in its annual report.

In monitoring the competing business of the Parent Group (refer to Tong Ren Tang Holdings, Tong Ren Tang Ltd., Tong Ren Tang Technologies and their respective subsidiaries, other than the Group and their respective predecessors) an executive committee (the “Competition Executive Committee”) comprising two disinterested Directors, namely Mr. Zhang Huan Ping and Ms. Lin Man, has been established with the following major responsibilities:

- (a) conduct quarterly inspection of the distribution channels of the Parent Group, including retail stores and wholesale customers, to check whether any healthcare product containing ganoderma lucidum or ganoderma lucidum spores as raw materials (other than ganoderma lucidum spores powder capsule manufactured by the Group) is sold in Non-PRC Markets; and
- (b) conduct quarterly communications with representatives of the Parent Group to confirm whether their research and development portfolio has any healthcare products which contain ganoderma lucidum or ganoderma lucidum spores as raw materials.

## OTHER INFORMATION



A supervisory committee (the “Competition Supervisory Committee”), comprising three independent non-executive Directors, namely, Ms. Leung, Oi Sie Elsie, Mr. Zhao Zhong Zhen and Mr. Chan Ngai Chi, has been established with the following major responsibilities:

- (a) meet quarterly and review the quarterly inspection record and daily communication records by the Competition Executive Committee (if applicable); and
- (b) report findings during its review of the records provided by the Competition Executive Committee to the Board which will be published in the Company’s annual report.

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares.

### **INTEREST OF COMPLIANCE ADVISER**

As at 31 March 2015, as notified by the Company’s compliance adviser, Kim Eng Securities (Hong Kong) Limited (the “Compliance Adviser”), except for the Compliance Adviser agreement entered into between the Company and the Compliance Adviser dated 6 May 2013 effective on the date of the Listing, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquires to all the Directors, all the Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.



## OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

The Company has complied with the provisions set out in Appendix 15 of the Corporate Governance Code of the GEM Listing Rules for the Period.

### AUDIT COMMITTEE

The audit committee of the Company has reviewed this 2015 first quarterly report.

On behalf of the Board  
**Beijing Tong Ren Tang Chinese Medicine Company Limited**  
**Mei Qun**  
*Chairman*

Hong Kong, 28 April 2015



Beijing Tong Ren Tang  
Chinese Medicine Company Limited  
北京同仁堂國藥有限公司

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