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**碧生源控股有限公司**  
**BESUNYEN HOLDINGS COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 926)**

**CONNECTED TRANSACTION**  
**JOINT VENTURE ARRANGEMENT BETWEEN BEIJING OUTSELL**  
**AND TIANRUN DILIANG**

Runliang Pharmaceutical is a company incorporated under the laws of the PRC with limited liability, which is a 80%-owned subsidiary of Beijing Outsell, an indirectly wholly-owned subsidiary of the Company. The senior management of Runliang Pharmaceutical is comprised of Mr. Zhao Yixing, who has over 20 years of comprehensive marketing experience, and certain senior management members delegated by Beijing Outsell. Recently, Beijing Outsell received a notice from the original minority shareholders of Runliang Pharmaceutical in relation to the proposed disposal of their 20% equity interest in Runliang Pharmaceutical. To closely link the benefit of the Shareholders and the Company with that of the senior management of Runliang Pharmaceutical and to enhance the proactiveness of the senior management of Runliang Pharmaceutical, Tianrun Diliang, a company controlled by Mr. Zhao Yixing, has agreed to acquire such equity interest from the original minority shareholders, and Beijing Outsell has decided not to exercise its pre-emptive right for such acquisition. Tianrun Diliang will also establish an equity incentive mechanism, pursuant to which the senior management of Runliang Pharmaceutical will receive some equity interests of Tianrun Diliang when specific performance targets are achieved.

**LISTING RULES IMPLICATIONS**

As Mr. Zhao Yixing is a younger brother of Mr. Zhao Yihong, who is the controlling shareholder of the Company and an executive Director, Mr. Zhao Yixing is an associate of Mr. Zhao Yihong. Therefore, Tianrun Diliang, controlled by Mr. Zhao Yixing, is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. Upon completion of the Equity Transfer Agreement entered into between Tianrun Diliang and the original minority shareholders, the Joint Venture Arrangement between Beijing Outsell and Tianrun Diliang in respect of Runliang Pharmaceutical will constitute a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.77 of the Listing Rules) calculated exceed 0.1% but are all less than 5%, the Joint Venture Arrangement is only subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. JOINT VENTURE ARRANGEMENT BETWEEN BEIJING OUTSELL AND TIANRUN DILIANG**

### **i. Introduction**

Runliang Pharmaceutical is a company incorporated under the laws of the PRC with limited liability, which is a 80%-owned subsidiary of Beijing Outsell, an indirectly wholly-owned subsidiary of the Company. The senior management of Runliang Pharmaceutical is comprised of Mr. Zhao Yixing, who has over 20 years of comprehensive marketing experience, and certain senior management members delegated by Beijing Outsell. Recently, Beijing Outsell received a notice from the original minority shareholders of Runliang Pharmaceutical in relation to the proposed disposal of their 20% equity interest in Runliang Pharmaceutical. To closely link the benefit of the Shareholders and the Company with that of the senior management of Runliang Pharmaceutical and to enhance the proactiveness of the senior management of Runliang Pharmaceutical, Tianrun Diliang, a company controlled by Mr. Zhao Yixing, has agreed to acquire such equity interest from the original minority shareholders, and Beijing Outsell has decided not to exercise its preemptive right for such acquisition. Tianrun Diliang will also establish an equity incentive mechanism, pursuant to which the senior management of Runliang Pharmaceutical will receive some equity interests of Tianrun Diliang when specific performance targets are achieved.

During the period from 8 September 2014 to 31 December 2024, Runliang Pharmaceutical owns more than ten years of exclusive right of sales with specific sales target of Orlistat manufactured by Zhejiang Hisun Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600267) in China. Runliang Pharmaceutical sells Orlistat under its brand "LARLLY". Orlistat is a slimming drug preparation of long-marketed with higher safety coefficient, and is also an anti-obesity over-the-counter drug approved to market by the United States Food and Drug Administration, the European Medicines Agency of the European Union and the China Food and Drug Administration.

### **ii. Joint Venture Arrangement Between Beijing Outsell and Tianrun Diliang**

Upon completion of the Equity Transfer Agreement entered into between Tianrun Diliang and the original minority shareholders, Runliang Pharmaceutical will be owned as to 80% and 20% by Beijing Outsell and Tianrun Diliang respectively.

Details of the Joint Venture Arrangement are as follows:

<b>Parties and respective equity interests in Runliang Pharmaceutical:</b>	Beijing Outsell and Tianrun Diliang will hold 80% and 20% equity interests in Runliang Pharmaceutical respectively
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**Business scope:** Runliang Pharmaceutical is principally engaged in, among others, wholesale of medicines.

**Board of directors:** The board of directors of Runliang Pharmaceutical comprises three directors. Beijing Outsell is entitled to appoint two directors, and Tianrun Diliang is entitled to appoint one director. Board resolutions can be passed by a vote in favour by two thirds or more of all directors. The chairman of the board of directors shall be appointed by Beijing Outsell.

**Registered capital:** RMB15 million

**Total investment:** RMB50 million

Apart from the total investment set out above, neither Beijing Outsell nor Tianrun Diliang has any further capital commitment pursuant to the Joint Venture Arrangement. The total investment set out above is contributed by the two parties according to their respective equity interests.

**Effective date:** The Joint Venture Arrangement shall become effective from the date of completion of the transfer of the 20% equity interests in Runliang Pharmaceutical from the original minority shareholders to Tianrun Diliang

**Profit distribution:** Profits will be distributed to Beijing Outsell and Tianrun Diliang in accordance with their proportionate equity interests in Runliang Pharmaceutical.

Runliang Pharmaceutical will remain to be a 80%-owned subsidiary of Beijing Outsell for the purpose of the Listing Rules and consolidated as a subsidiary in the Company's financial statements.

### iii. Financial Information of the Runliang Pharmaceutical

The total asset and net asset of the Runliang Pharmaceutical as at 31 December 2014 were RMB1,439,000 and RMB1,438,000, respectively. The net loss (both before and after taxation) of Runliang Pharmaceutical for the two financial years ended 31 December 2013 and 2014 were as follows:

	<b>For the year ended 31 December 2013 (RMB)</b>	<b>For the year ended 31 December 2014 (RMB)</b>
Net loss (before taxation) of the Runliang Pharmaceutical	445,000	246,000
Net loss (after taxation) of the Runliang Pharmaceutical	445,000	246,000

#### **iv. Reasons for and Benefits of the Joint Venture Arrangement**

As Tianrun Diliang is controlled by Mr. Zhao Yixing, it is expected that the Joint Venture Arrangement between Beijing Outsell and Tianrun Diliang will closely link the benefit of the Shareholders and the Company with that of the senior management of Runliang Pharmaceutical and enhance the proactiveness of the senior management of Runliang Pharmaceutical, thereby further increasing the sales revenue of the Group and generating more profits for the Company and its Shareholders.

The Board (including the independent non-executive Directors) is also of the view that the Joint Venture Arrangement is on normal commercial terms, and although such arrangement is 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.

## **II. GENERAL INFORMATION OF THE PARTIES AND THE JOINT VENTURE**

### **Beijing Outsell**

Beijing Outsell is an indirect wholly-owned subsidiary and the primary operating entity of the Company, and is principally engaged in the business of development, production, sales and promotion of therapeutic teas.

### **Tianrun Diliang**

Tianrun Diliang is a company controlled by Mr. Zhao Yixing with limited liability and is principally engaged in investment holding.

### **Runliang Pharmaceutical**

Runliang Pharmaceutical is a company incorporated under the laws of the PRC with limited liability, and a 80%-owned subsidiary of Beijing Outsell. It is principally engaged in , among others, wholesale of medicines.

## **III. LISTING RULES IMPLICATIONS**

As Mr. Zhao Yixing is a younger brother of Mr. Zhao Yihong, who is the controlling shareholder of the Company and an executive Director, Mr. Zhao Yixing is an associate of Mr. Zhao Yihong. Therefore, Tianrun Diliang, controlled by Mr. Zhao Yixing, is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. Upon completion of the Equity Transfer Agreement entered into between Tianrun Diliang and the original minority shareholders, the Joint Venture Arrangement between Beijing Outsell and Tianrun Diliang in respect of Runliang Pharmaceutical will constitute a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.77 of the Listing Rules) calculated exceed 0.1% but are all less than 5%, the Joint Venture Arrangement is only subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Yihong, being an executive Director, and Ms. Gao Yan, being an executive Director and the spouse of Mr. Zhao Yihong, are deemed to have material interest in the Joint Venture Arrangement, have abstained from voting on the resolution in respect of the Joint Venture Arrangement at the relevant Board meeting. Save as disclosed above, none of other Directors has a material interest in the aforesaid Joint Venture Arrangement and was required to abstain from voting on the relevant resolution at the relevant Board meeting.

#### IV. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Outsell”	Beijing Outsell Health Product Development Co., Ltd. (北京澳特舒爾保健品開發有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Besunyen Holdings Company Limited (碧生源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into on 16 April 2015 between Tianrun Diliang and the original minority shareholders of Runliang Pharmaceutical in respect of the transfer of 20% equity interest in Runliang Pharmaceutical
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Arrangement”	the joint venture arrangement between Beijing Outsell and Tianrun Diliang upon completion of the transfer of the 20% equity interests in Runliang Pharmaceutical from the original minority shareholders to Tianrun Diliang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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”	means Renminbi, the lawful currency of the PRC

“Runliang Pharmaceutical”	Guangzhou Runliang Pharmaceutical Co., Ltd.* (廣州潤良藥業有限公司), a company incorporated under the laws of the PRC with limited liability, and a 80%-owned subsidiary of Beijing Outsell
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianrun Diliang”	Beijing Tianrun Diliang Investment Co., Ltd.* (北京天潤地良投資有限公司), a company incorporated under the laws of the PRC with limited liability and controlled by Mr. Zhao Yixing

By order of the Board  
**Besunyen Holdings Company Limited**  
**Zhao Yihong**  
*Chairman and Chief Executive Officer*

Hong Kong, 16 April 2015

*As at the date of this announcement, the executive Directors are Mr. Zhao Yihong (Chairman and Chief Executive Officer) and Ms. Gao Yan (Vice Chairman); the non-executive Director is Mr. Zhuo Fumin; and the independent non-executive Directors are Mr. Huang Jingsheng, Mr. Wang Jing and Mr. Ren Guangming.*

\* *For identification purposes only*