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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)

**DISCLOSEABLE TRANSACTION
AND
CHANGE OF USE OF PROCEEDS**

On 11 July 2011, Beijing Outsell, an indirect wholly-owned subsidiary of the Company, entered into the Property Subscription Agreement with the Vendor for the acquisition of a total of 101 units occupying 1st to 11th floors of Block D, Linglong Tiandi Centre, No. 32 Wukesong Road, Haidian District, Beijing, PRC comprising the office and commercial space at a consideration of RMB306,000,000 (equivalent to approximately HK\$368,032,000), with a total construction area expected to be 10,592.63 sq. m. upon the completion of the construction of the Property. The purpose of the Acquisition is to secure office space for centralizing the operations of the Group in Beijing.

As the highest applicable Percentage Ratio exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In conjunction with the Acquisition, the Board announces that the Company has decided to change the allocation of the use of net proceeds from the IPO as set out in this announcement.

THE ACQUISITION

The Board is pleased to announce that on 11 July 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Property Subscription Agreement with the Vendor for the acquisition of a total of 101 units occupying 1st to 11th floors of Block D, Linglong Tiandi Centre, No. 32 Wukesong Road, Haidian District, Beijing, PRC comprising the office and commercial space at a total consideration of RMB306,000,000 (equivalent to approximately HK\$368,032,000), with a total construction area expected to be 10,592.63 sq. m. upon the completion of the construction of the Property.

THE PROPERTY SUBSCRIPTION AGREEMENT

The main particulars of the Property Subscription Agreement are set out below:

Date: 11 July 2011

- Parties: (i) Purchaser: Beijing Outsell
- (ii) Vendor: Beijing BBMG Dacheng Property Development Co., Ltd.
- Property: A total of 101 units occupying 1st to 11th floors of Block D, Linglong Tiandi Centre, No. 32 Wukesong Road, Haidian District, Beijing, PRC
- Consideration: RMB306,000,000 (equivalent to approximately HK\$368,032,000)
- Payment schedule: (a) A Deposit of RMB30,600,000 (equivalent to approximately HK\$36,803,000), being 10% of the total consideration for the Acquisition will be made to the Vendor within 5 days from the date of the Property Subscription Agreement.
- (b) The Purchaser and the Vendor will enter into the SPA for each of the 101 units of the Property within 15 days from the date of the Property Subscription Agreement. Upon the date of signing of the SPAs, the Deposit will be applied as 10% of the payment of the total consideration for the Acquisition, and the remaining 90% of the consideration shall be made to the Vendor within 30 days from the date of the SPAs.

THE PROPERTY

The Property is an office and commercial complex located in the Haidian District of the municipality of Beijing and is currently under construction. The Vendor undertakes that completion and handover of the Property will take place on or before 30 June 2012 and upon completion, it is expected to comprise the office and commercial space with a total construction area of 10,592.63 sq. m. extending over 1st to 11th floors of Block D of the building.

CHANGE OF USE OF PROCEEDS

As disclosed in the 2010 annual report of the Company published in March 2011, as at 31 December 2010, RMB248,579,000 of the net proceeds from the IPO had been used and applied to those intended uses as disclosed in the announcement of the Company dated 28 September 2010. In particular, out of the RMB273,664,000 representing 26.49% of the net proceeds from the IPO originally allocated for the setup of the East China headquarters in Shanghai, approximately RMB74,596,000 has been utilized as of the date of this announcement, while the remaining RMB199,068,000 remains unutilized.

The Board has resolved to change the proposed use of part of the unutilized net proceeds allocated for the setup of the East China headquarters in Shanghai as follows:

	Original allocation <i>(RMB'000)</i>	Revised allocation <i>(RMB'000)</i>
Setup of the East China headquarters in Shanghai	273,664	150,000
Acquisition of the Property located in Haidian District, Beijing	–	123,664

REASONS FOR THE CHANGE OF USE OF PROCEEDS

Since the current headquarters of the Group is located in the suburb of Beijing, it is not strategically located for optimizing the Group's operational efficiency and attracting more talents from the workforce in Beijing to join our Group. In addition, the high growth of our Group's business also requires more office spaces. Therefore, the Group intends to relocate the current headquarters of the Group to the Property upon its completion and handover, which is expected to take place in 2012. As a result of the Acquisition, the Group's need for office space in Shanghai will be reduced. In order to cater for the change of operational needs of the Group, the Directors believe that part of the unutilized proceeds from the IPO originally allocated for the setup of the East China headquarters in Shanghai shall be reallocated as funding for the Acquisition.

The Board (including the independent non-executive Directors) considers that the above change of the use of the unutilized net proceeds from the IPO will facilitate the efficient use of financial resources of the Group, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS FOR THE ACQUISITION

The purpose of the Acquisition is to secure office space for centralizing the operations of the Group in Beijing. In the event that the Group will not fully use up all of the office space at the Property by 2012, the Group intends to lease the remaining unused office space to Independent Third Parties by short-term leases until the Group needs to take up the remaining office space as its operations expand in the future.

The terms and conditions of the Property Subscription Agreement were determined on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor. The consideration was arrived at with reference to the prevailing market values for comparable properties in the neighbouring areas of the Property, and will be satisfied as to approximately 40.41% by the net proceeds from the IPO and as to approximately 59.59% by internal resources of the Group. The Directors believe that the terms and conditions of the Property Subscription Agreement are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable Percentage Ratio exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION ON THE GROUP AND THE VENDOR

Information on the Group

The Group is a leading provider of therapeutic tea products in China focusing on the development, manufacture and sales of therapeutic tea and other health food products. Beijing Outsell, an indirect wholly-owned subsidiary of the Company, is a limited liability company established in the PRC and the Company's primary operating entity.

Information on Beijing BBMG Dacheng Development Co., Ltd.

The Vendor is a wholly-owned subsidiary of BBMG Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 2009) and is principally engaged in property development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

DEFINITIONS

In this announcement unless the context otherwise requires, the following terms have the following respective meanings:

“Acquisition”	the acquisition of the Property by the Purchaser at a consideration of RMB306,000,000 (equivalent to approximately HK\$368,032,000) in accordance with the terms and conditions of the Property Subscription Agreement
“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
“China” or “PRC”	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not include Taiwan, the Macau Special Administrative Region and Hong Kong
“Company”	Besunyen Holdings Company Limited (碧生源控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Deposit”	a deposit of RMB30,600,000 (equivalent to approximately HK\$36,803,000), being 10% of the total consideration for the Acquisition pursuant to the Property Subscription Agreement
“Director(s)”	directors of the Company or any one of them
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Regions of the PRC
“Independent Third Parties”	parties which, to the best knowledge, information and belief of the Directors having made due and careful enquires, are independent of and not connected with the Directors, substantial Shareholders (within the meaning under the Listing Rules) or chief executives of the Company or any of their respective associates
“IPO”	the initial public offering of the shares of the Company in September 2010
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Property”	a total of 101 units occupying 1st to 11th floors of Block D, Linglong Tiandi Centre, No. 32 Wukesong Road, Haidian District, Beijing, PRC
“Property Subscription Agreement”	the property subscription agreement dated 11 July 2011 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Purchaser”	Beijing Outsell, a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi yuan, the lawful currency of China
“Shareholders”	the shareholders of the Company
“SPA”	the sales and purchase agreement to be entered into between the Vendor and the Purchaser pursuant to the Property Subscription Agreement
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Beijing BBMG Dacheng Development Co., Ltd. (北京金隅大成開發有限公司), a company incorporated under the laws of the PRC with limited liability
“%”	per cent

For the purpose of illustration only, RMB is translated into HK\$ at an exchange rate of HK\$1.00 = RMB0.83145. Such translation should not be construed as a representation that any amounts in RMB or HK\$ have been, could have been or could be converted at the above or any other rates or at all.

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

Hong Kong, 11 July 2011

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 Directors are Mr. Zhuo Fumin and Mr. Wang Bing; and the independent non-executive Directors are Mr. Huang Jingsheng, Mr. Wong Lap Tat Arthur and Ms. Xin Katherine Rong.