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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)**

**TERMINATION OF STRUCTURE CONTRACTS  
AND  
TRANSFER OF 100% EQUITY INTEREST IN PINCHA**

**TERMINATION OF STRUCTURE CONTRACTS AND TRANSFER OF 100% EQUITY  
INTEREST IN PINCHA**

The Board announces that Beijing Outsell, Pincha, Mr. Zhao and Ms. Gao entered into the Termination Agreement on 25 July 2017 to terminate the Structure Contracts and the related Confirmation and Undertaking. On the same date, Beijing Outsell entered into the Equity Transfer Agreement with Mr. Zhao, pursuant to which Mr. Zhao agreed to transfer 100% equity interest in Pincha to Beijing Outsell at nil consideration payable by Beijing Outsell. Upon the completion of the Reorganization, Pincha will become a wholly-owned subsidiary of Beijing Outsell, and thus become an indirect wholly-owned subsidiary of the Company.

When the Group attempted to explore e-commerce platform, the Company and its wholly-owned subsidiaries in the PRC, including Beijing Outsell, could not directly carry out e-commerce business in the PRC due to the restrictions on foreign investment imposed on value-added telecommunications business in the PRC. As such, Pincha was established in the PRC in June 2010 as a domestic enterprise and subsequently obtained a Telecom and Information Service Operation License. After that, on 28 March 2011, Beijing Outsell, Mr. Zhao and Pincha entered into the Structure Contracts, as supplemented by a supplemental contract dated 12 July 2012 and renewed on 27 October 2014, in order to conduct e-commerce activities in the PRC for the Group through the contractual arrangements between Beijing Outsell and Pincha. After entering into the Structure Contracts, the Company has the control over Pincha and the rights to variable returns from its control, and thus Pincha was considered as an indirect wholly-owned subsidiary of the Company under the International Financial Reporting Standard 10.

In view of gradual clarification of regulatory policies on foreign investment in valued-added telecommunications business in the PRC as well as the change of trend in business development of Pincha, the Company recently consulted with the industry regulatory authority regarding the current business of Pincha, and the industry regulatory authority confirmed that the value-added telecommunications service license is expressly not required

for the self-operated and self-distributing e-commerce business currently engaged into by Pincha, only ICP filing shall be completed. As no restriction on foreign investment for ICP filing represents that the Group is allowed to directly carry out Pincha's existing business under applicable laws, Pincha has cancelled its Telecom and Information Service Operation License and maintained its existing ICP filing. Through the Reorganization, Pincha will become an indirect wholly-owned subsidiary of the Company.

The Company's PRC legal advisor, Jia Yuan Law Offices, has provided written opinion to the Company confirming that direct sales of goods by Pincha via its own network platform does not fall into the scope of operating telecommunications business under the current laws and regulations of the PRC, no value-added telecommunications services license is required, and the business is not subject to any restrictions or prohibitions on foreign investment under the relevant laws and regulations. As such, upon the completion of the Reorganization, Pincha, as an enterprise wholly-owned by Beijing Outsell, a foreign invested enterprise, may continue its existing business.

The Board is of the view that the Reorganization will eliminate the possible risks involved in adopting contractual arrangements and is in compliance with the regulatory requirements of the Guidance on Listed Issuers Using Contractual Arrangements for Their Businesses, the Reorganization will reduce the connected transactions of the Group, will benefit the business development of Pincha in the future and is in the interests of the Company and its shareholders as a whole.

Upon the completion of the Reorganization, Pincha will cease to be a connected person of the Company. As such, the transactions under the distribution agreement dated 27 October 2014 entered into between Pincha and Beijing Outsell as well as the transactions under the lease agreement dated 27 October 2014 entered into between Pincha and Beijing Outsell will no longer be connected transactions of the Company.

## DEFINITIONS

In this announcement, unless the content otherwise requires, the following expression shall have the meanings ascribed to them below:

“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 of the Company
“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 of Hong Kong Limited
“Confirmation and Undertaking”	the written confirmation signed by Mr. Zhao on 27 October 2014 and the written undertaking signed by Ms. Gao on 27 October 2014 for confirming and undertaking, among others, the arrangements for equity interest in Pincha held by Mr. Zhao as well as guaranteeing no impact or impediment on the implementation of the Structure Contracts

“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between Beijing Outsell and Mr. Zhao on 25 July 2017, pursuant to which Mr. Zhao agreed to transfer 100% equity interest in Pincha to Beijing Outsell at nil consideration payable by Beijing Outsell
“Group”	the Company and its subsidiaries
“Mr. Zhao”	Mr. Zhao Yihong, Chairman, Chief Executive Officer and executive Director of the Company, the controlling shareholder of the Company
“Ms. Gao”	Ms. Gao Yan, Vice Chairman and executive Director of the Company, the spouse of Mr. Zhao
“Pincha”	Beijing Pincha Online E-Commerce Co., Ltd.* (北京品茶在綫電子商務有限公司), a company incorporated in the PRC on 18 June 2010 with limited liability and wholly-owned by Mr. Zhao as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Reorganization”	termination of the Structural Contracts and the transfer of 100% equity interest in Pincha to Beijing Outsell from Mr. Zhao
“Structure Contracts”	collectively, the exclusive business cooperation agreement, the equity interests pledge agreement, the exclusive purchase agreement and the power of attorney entered into by Beijing Outsell, Pincha and Mr. Zhao, where applicable, on 28 March 2011, all of which were supplemented by a supplemental contract dated 12 July 2012 and renewed on 27 October 2014
“Termination Agreement”	the termination agreement entered into by Beijing Outsell, Pincha, Mr. Zhao and Ms. Gao on 25 July 2017 to terminate the Structure Contracts and the related Confirmation and Undertaking

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

Hong Kong, 25 July 2017

*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 Ms. Zhang Guimei; and the independent non-executive Directors are Mr. Huang Jingsheng, Mr. Ren Guangming and Mr. He Yuanping.*

\* For identification purposes only