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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
ACQUISITION OF 100% EQUITY INTEREST IN
KANGBAINA AND AOLIXIN

On 28 July 2017 (after trading hours), Besunyen Venture Investment, an indirect wholly-owned subsidiary of the Company, the Sellers, Kangbaina and Aolixin entered into the Investment Agreement pursuant to which: (1) Besunyen Venture Investment agreed to purchase and the Sellers agreed to sell 100% equity interest in Kangbaina for a total consideration of RMB6,000,000; and (2) Besunyen Venture Investment agreed to purchase and the Sellers agreed to sell 100% equity interest in Aolixin for a total consideration of RMB1,500,000. Upon completion of the Acquisition, Kangbaina and Aolixin will become indirect wholly-owned subsidiaries of the Company.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 28 July 2017 (after trading hours), Besunyen Venture Investment, an indirect wholly-owned subsidiary of the Company, the Sellers, Kangbaina and Aolixin entered into the Investment Agreement pursuant to which: (1) Besunyen Venture Investment agreed to purchase and the Sellers agreed to sell 100% equity interest in Kangbaina for a total consideration of RMB6,000,000; and (2) Besunyen Venture Investment agreed to purchase and the Sellers agreed to sell 100% equity interest in Aolixin for a total consideration of RMB1,500,000. Upon completion of the Acquisition, Kangbaina and Aolixin will become indirect wholly-owned subsidiaries of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Sellers and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

THE INVESTMENT AGREEMENT

The major terms of the Investment Agreement are as follows:

- Date:** 28 July 2017
- Parties:** (i) Besunyen Venture Investment;
(ii) the Sellers;
(iii) Kangbaina; and
(iv) Aolixin.

Assets to be acquired

Besunyen Venture Investment agreed to purchase and the Sellers agreed to sell 100% equity interest in Kangbaina and Aolixin in accordance with the terms and conditions of the Investment Agreement.

Consideration and the Payment

The total consideration for purchasing 100% equity interest in Kangbaina is RMB6,000,000, which shall be paid by Besunyen Venture Investment to the designated accounts of the Sellers based on their respective shareholdings in Kangbaina within ten (10) days upon the Investment Agreement becoming effective. The consideration was agreed by the parties after arm's length negotiations with reference to, among others, the book value of the net assets of Kangbaina as at 30 June 2017, the expected future business prospects of Kangbaina and the value of its pharmaceutical certificates (in particular, the GSP Certificate).

The total consideration for purchasing 100% equity interest in Aolixin is RMB1,500,000, which shall be paid by Besunyen Venture Investment to the designated accounts of the Sellers based on their respective shareholdings in Aolixin within ten (10) days upon the Investment Agreement becoming effective. The consideration was agreed by the parties after arm's length negotiations with reference to, among others, the book value of the net assets of Aolixin as at 30 June 2017 and the expected future business prospects of Aolixin.

The aforesaid consideration for the Acquisition will be fully settled in cash by internal resources of Besunyen Venture Investment.

Conditions Precedent

1. The completion of the closing by the Sellers and the Target Companies is subject to the satisfaction or waiver in writing of, on or prior to the closing, the following conditions:
 - a. All declarations and warranties made by Besunyen Venture Investment in the Investment Agreement shall be true and correct as of the date of the Investment Agreement; and
 - b. Besunyen Venture Investment shall have executed all the necessary documents to which Besunyen Venture Investment is a party and have delivered such documents to the Sellers and/or the Target Companies.

2. The completion of the closing by Besunyen Venture Investment is subject to the satisfaction or waiver in writing of, on or prior to the closing, the following conditions:
 - a. All declarations and warranties made by the Sellers and the Target Companies in the Investment Agreement shall be true and correct as of the date of the Investment Agreement;
 - b. There are no valid laws, rules, regulations or decrees promulgated or adopted by any courts or other governmental agencies that prohibit the completion of this Acquisition;
 - c. Besunyen Venture Investment and the Target Companies have received all the authorizations and approvals from the relevant government departments and consents from the relevant third parties, which are necessary for the completion of the Acquisition and in the form and substance acceptable to both parties (including the waiver of the pre-emptive rights in relation to the Acquisition by the Sellers or any other parties), and such consents and approvals shall not substantially change the commercial conditions under this Investment Agreement;
 - d. The relevant parties shall have duly signed all the transaction agreements and shall have delivered to the Besunyen Venture Investment the original copies of each transaction agreement;
 - e. The Target Companies shall have obtained all the approvals, licenses and similar authorizations for the business operated at the closing or proposed to be conducted after closing, and shall have completed the necessary filings and registrations, including the Pharmaceutical Operation Permit, GSP Certificate, Food Operation Permit, Filing Certificate for the Business Operations of Class II Medical Device, etc., and Aolixin shall have obtained the qualification certificate for providing internet pharmaceutical information services and have been regarded as a pharmaceutical retail chain enterprise as per the requirements of local regulatory authorities, have qualified with the relevant local qualification and requirements for engaging in internet pharmaceutical dealing service activities, and the effective evidence shall have been delivered to Besunyen Venture Investment in a mutually acceptable form;
 - f. All the internal and external approvals with respect to the transaction contemplated under the Investment Agreement, including the shareholders' approval and the boards' approval have been obtained by the relevant party, and the amended articles of association have accurately reflected the stipulations in the Investment Agreement;
 - g. From the signing of the Investment Agreement to the closing, the Target Companies shall carry on their operations in all aspects as they are currently being conducted, including that the relevant qualifications, certificates, lands, real estates, patents, registration approvals, product approvals and products under development of the Target Companies shall remain complete and effective, and overall there shall be no material adverse change in the conditions (financial or others), results of operations, assets, regulatory status, businesses or prospects of the Target Companies and the Sellers; and
 - h. The Sellers and Target Companies shall have delivered the balance sheet of the Target Companies as at 30 June 2017, the list of material contracts and assets delivery list/report and other important documents to Besunyen Venture Investment.

Closing

Closing date

The parties of the Investment Agreement shall commence closing following the date on which all above-mentioned conditions precedent have been fulfilled or waived, or on other date that are otherwise agreed by the parties; unless the parties agreed, the closing date shall be no later than August 30 2017.

Execution of documents

Within ten (10) days from the date on which the Sellers receive all the consideration for the Acquisition, the Sellers shall agree Besunyen Venture Investment to sign the amended articles of association of the Target Companies, and shall elect the new directors and supervisors of the Target Companies. The Target Companies shall issue the capital contribution certificate to Besunyen Venture Investment and shall amend its register of members accordingly.

AIC Registration

Within thirty (30) days from the date on which the Sellers receive all the consideration for the Acquisition, the parties shall complete the change of registration with the AIC with respect to the Acquisition. If the change of registration with the AIC fails to be completed within the aforesaid period due to the Sellers, Besunyen Venture Investment shall have the right to hold the Sellers responsible for breach of contract.

Other terms

As at the closing date, all the previous liabilities and losses of the Target Companies and those arising from this Acquisition shall be borne by the Sellers; if there is any loss incurred to the Target Companies arising therefrom afterwards, the Sellers shall bear joint liability.

INFORMATION ON KANGBAINA AND AOLIXIN

Kangbaina

Kangbaina is a limited liability company incorporated in the PRC and is principally engaged in the wholesale of traditional Chinese medicine pieces, traditional Chinese medicine finished drugs, chemical API, chemical medicine preparations, antibiotics API, antibiotics preparations and biochemical medicine. As at the date of this announcement, the registered capital of Kangbaina is held as to 99.9% and 0.1% by Haiyuande and Mr. Peng, respectively.

The unaudited total assets and net assets of Kangbaina as at 30 June 2017 were RMB15,008,676.06 and RMB3,924,394.68, respectively. The net profits (both before and after taxation) of Kangbaina for the two financial years ended 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017 are as follows:

	For the year ended 31 December 2015 <i>(unaudited)</i> <i>(RMB)</i>	For the year ended 31 December 2016 <i>(audited)</i> <i>(RMB)</i>	For the six months ended 30 June 2017 <i>(unaudited)</i> <i>(RMB)</i>
Net profits before taxation	44,371.19	1,060,747.81	4,635,326.28
Net profits after taxation	44,371.19	1,060,747.81	4,635,326.28

Aolixin

Aolixin is a limited liability company incorporated in the PRC and is principally engaged in the online sales and retail of pharmaceutical products, medical devices, healthcare food and prepacked food. As at the date of this announcement, the registered capital of Aolixin is held as to 99.9% and 0.1% by Haiyuande and Mr. Peng, respectively.

The unaudited total assets and net assets of Aolixin as at 30 June 2017 were RMB3,057,362.12 and RMB1,676,229.43, respectively. The net loss (both before and after taxation) of Aolixin for the two financial years ended 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017 are as follows:

	For the year ended 31 December 2015 <i>(unaudited)</i> <i>(RMB)</i>	For the year ended 31 December 2016 <i>(audited)</i> <i>(RMB)</i>	For the six months ended 30 June 2017 <i>(unaudited)</i> <i>(RMB)</i>
Net loss before taxation	0.00	77,965.14	76,309.09
Net loss after taxation	0.00	77,965.14	76,309.09

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

As China's pharmaceutical industry is going to embrace a new round of development opportunities after a short-period adjustment, the Company would like to realize economies of scale by virtue of its mature marketing channels and marketing experience both online and offline in selling pharmaceutical products and healthcare products, as well as the acquisition of Kangbaina and Aolixin. The Directors are of the view that the terms and conditions of the Investment Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL INFORMATION OF THE GROUP AND THE SELLERS

The Group

The Group is a leading provider of therapeutic tea products in the PRC focusing on the development, manufacture and sales of therapeutic tea and other health food products.

Besunyen Venture Investment

Besunyen Venture Investment is a limited liability company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Haiyuande

Haiyuande is a limited partnership enterprise incorporated in the PRC. Its scope of business includes enterprise marketing planning services, enterprise management advisory services, trade advisory services, enterprise image planning services, enterprise project planning services, financial advisory services and market investigation services.

Mr. Peng

Mr. Peng is a PRC citizen.

DEFINITION

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

“Acquisition”	the acquisition of 100% equity interest in each of Kangbaina and Aolixin
“AIC”	applicable administration for industry and commerce
“Aolixin”	Zhuhai Aolixin Pharmaceutical Co., Ltd. (珠海奧利新醫藥有限公司), a limited liability company incorporated in the PRC
“Besunyen Venture Investment”	Khorgos Besunyen Venture Investment Co., Ltd. (霍爾果斯碧生源創業投資有限公司), a limited liability company incorporated in the PRC 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
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Haiyuande”	Longhua County Haiyuande Enterprise Management Consulting Centre LLP (隆化縣海源德企業管理諮詢中心(有限合夥)), a limited partnership enterprise incorporated in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement entered into on 28 July 2017 among Besunyen Venture Investment, the Sellers, Kangbaina and Aolixin
“Kangbaina”	Zhuhai Kangbaina Pharmaceutical Co., Ltd. (珠海康百納藥業有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Peng”	Peng Qinghua, a PRC citizen
“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”	Renminbi, the lawful currency of the PRC
“Sellers”	the sellers of Kangbaina and Aolixin, being Haiyuande and Mr. Peng
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Aolixin and Kangbaina

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

Hong Kong, 28 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.