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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  
IN RELATION TO  
ACQUISITION OF 20% EQUITY INTEREST IN  
RUNLIANG PHARMACEUTICAL**

On 2 September 2016, Beijing Outsell, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Tianrun Diliang. Pursuant to the Equity Transfer Agreement, Beijing Outsell agreed to acquire and Tianrun Diliang agreed to sell the 20% equity interest in Runliang Pharmaceutical held by Tianrun Diliang at the total consideration of RMB10,000,000. Upon completion of the Acquisition, Runliang Pharmaceutical will become an indirectly wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

Mr. Zhao Yihong, being the controlling shareholder of the Company and an executive Director, is a connected person of the Company. Tianrun Diliang, as a wholly-owned company of Mr. Zhao Yixing, the younger brother of Mr. Zhao Yihong, is therefore a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition by Beijing Outsell from Tianrun Diliang constitutes a connected transaction of the Company for the purpose of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the Acquisition are more than 0.1% but all less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**I. INTRODUCTION**

On 2 September 2016, Beijing Outsell, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Tianrun Diliang. Pursuant to the Equity Transfer Agreement, Beijing Outsell agreed to acquire and Tianrun Diliang agreed to sell the 20% equity interest in Runliang Pharmaceutical held by Tianrun Diliang

at the total consideration of RMB10,000,000. Upon completion of the Acquisition, Runliang Pharmaceutical will become an indirectly wholly-owned subsidiary of the Company.

Runliang Pharmaceutical is a company incorporated under the laws of the PRC with limited liability. The 20% equity interest in Runliang Pharmaceutical was purchased by Tianrun Diliang from the original minority shareholders of Runliang Pharmaceutical at the total consideration of RMB10,000,000 according to an equity transfer agreement signed on 16 April 2015. As at the date of this announcement, Runliang Pharmaceutical is owned as to 80% and 20% by Beijing Outsell and Tianrun Diliang respectively.

## **II. THE EQUITY TRANSFER AGREEMENT**

The major terms of the Equity Transfer Agreement are as follows:

### **1. Date**

2 September 2016

### **2. Parties**

- (1) Beijing Outsell; and
- (2) Tianrun Diliang

### **3. Interest to be acquired**

The 20% equity interest in Runliang Pharmaceutical held by Tianrun Diliang

### **4. Consideration and payment arrangement**

The total consideration of the Acquisition is RMB10,000,000, which shall be paid by Beijing Outsell to the designated bank account of Tianrun Diliang by a one-off payment within one month upon execution of the Equity Transfer Agreement.

The consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to, among others, the appraised value of the entire equity interest in Runliang Pharmaceutical as at 30 June 2016, being RMB57,000,000, as stated in the Valuation Report, and the consideration paid by Tianrun Diliang in 2015 to obtain the 20% equity interest in Runliang Pharmaceutical.

### **5. Effective Date**

The Equity Transfer Agreement shall become effective upon signing by the parties or their authorised representatives.

## **III. VALUATION**

Given that the valuation in the Valuation Report is prepared by the Independent Valuer based on income approach, which involves the calculations of discounted cash flow, such valuation is regarded as a profit forecast of Runliang Pharmaceutical under Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions upon which the valuation in the Valuation Report has been prepared as set out below:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Runliang Pharmaceutical operates or intends to operate have been or would be officially obtained and renewable upon expiry;
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialised;
- There will be no major change in the current taxation laws in the localities in which Runliang Pharmaceutical operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which Runliang Pharmaceutical operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of Runliang Pharmaceutical;
- Interest rates and exchange rates in the localities for the operation of Runliang Pharmaceutical will not differ materially from those presently prevailing;
- The core business operation of Runliang Pharmaceutical will not differ materially from those of present or expected; and
- Runliang Pharmaceutical will retain competent management and key personnel to support the ongoing business operations.

PricewaterhouseCoopers, the auditor of the Company, has reported on the calculations of discounted future estimated cash flows used in connection with the valuation of Runliang Pharmaceutical.

The Directors confirm that the profit forecast of Runliang Pharmaceutical has been made after due and careful enquiries.

Letter from the Board and Report from PricewaterhouseCoopers in relation to the profit forecast of Runliang Pharmaceutical are set out as Appendices I and II to this announcement respectively.

#### **IV. EXPERT AND CONSENT**

The qualification of the expert who has given its opinion and advice included in this announcement is as follows:

<b>Name</b>	<b>Qualification</b>
PricewaterhouseCoopers	Certified Public Accountants

PricewaterhouseCoopers has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it is included.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, PricewaterhouseCoopers is a third party independent from the Group and its connected persons.

As at the date of this announcement, PricewaterhouseCoopers has no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

## V. FINANCIAL INFORMATION ON RUNLIANG PHARMACEUTICAL

Set out below is the financial information of Runliang Pharmaceutical for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016:

	<b>For the year ended 31 December 2014 (RMB) (unaudited)</b>	<b>For the year ended 31 December 2015 (RMB) (audited)<sup>(Note 1)</sup></b>	<b>For the six months ended 30 June 2016 (RMB) (unaudited)</b>
<b>Revenue</b>	<b>1,242,987</b>	<b>74,828,178</b>	<b>72,499,923</b>
<b>Net loss before taxation</b>	<u>(246,000)</u>	<u>(11,486,776)</u>	<u>(12,174,874)</u>
<b>Net loss after taxation</b>	<u>(246,000)</u>	<u>(16,997,904)</u>	<u>(16,773,836)</u>

*Note 1:* The statutory financial information was audited by a local PRC accounting firm.

The unaudited total assets and net assets of Runliang Pharmaceutical as at 30 June 2016 were RMB41,665,724 and RMB7,620,245 respectively.

## VI. REASONS FOR AND BENEFITS FROM THE ACQUISITION

Runliang Pharmaceutical is principally engaged in, among others, the sales of the LARLLY Orlistat. Sales revenue generated therefrom increased significantly since Runliang Pharmaceutical was consolidated into the Group, and Runliang Pharmaceutical has become one of the Group's main revenue contributors. It is expected that upon completion of the Acquisition, the sales of the LARLLY Orlistat could be further increased by employing the existing sales and advertising channels of the Two Teas and with the help of the Group's extensive management experiences on the Two Teas as well as an efficient and integrated sales team, thereby the financial performance of Runliang Pharmaceutical is expected to be improved and gradually generated profits for the benefit of the Company and its Shareholders.

The Board (including the independent non-executive Directors) is of the view that the Equity Transfer Agreement was entered into on normal commercial terms, and although the transaction thereunder is not in the ordinary and usual course of business of the Group, 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.

## **VII. GENERAL INFORMATION ON BEIJING OUTSELL, TIANRUN DILIANG AND RUNLIANG PHARMACEUTICAL**

### **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 wholly-owned 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 as at the date of this announcement. It is principally engaged in, among others, wholesale of medicines (including LARLLY Orlistat).

## **VIII. LISTING RULES IMPLICATIONS**

Mr. Zhao Yihong, being the controlling shareholder of the Company and an executive Director, is a connected person of the Company. Tianrun Diliang, as a wholly-owned company of Mr. Zhao Yixing, the younger brother of Mr. Zhao Yihong, is therefore a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition by Beijing Outsell from Tianrun Diliang constitutes a connected transaction of the Company for the purpose of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the Acquisition are more than 0.1% but all less than 5%, the Acquisition is 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 Acquisition, have abstained from voting on the resolution in respect of the Acquisition at the relevant Board meeting. Save as disclosed above, none of other Directors has a material interest in the aforesaid Acquisition and was required to abstain from voting on the relevant resolution at the relevant Board meeting.

## **IX. DEFINITIONS**

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 the 20% equity interest in Runliang Pharmaceutical by Beijing Outsell from Tianrun Diliang in accordance with the Equity Transfer 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
“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 2 September 2016 between Beijing Outsell and Tianrun Diliang 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
“Independent Valuer”	DTZ Cushman & Wakefield Limited
“LARLLY Orlistat”	Orlistat under the brand of “LARLLY”, a slimming medicine product sold by Runliang Pharmaceutical
“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 as at the date of this announcement
“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 wholly-owned by Mr. Zhao Yixing

- “Two Teas” the Besunyen Slimming Tea and the Besunyen Detox Tea, both being the products of the Group
- “Valuation Report” the valuation report in relation to the valuation of the 100% equity interest in Runliang Pharmaceutical issued by the Independent Valuer dated 2 September 2016

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

Hong Kong, 2 September 2016

*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. Wang Jing and Mr. Ren Guangming.*

**APPENDIX I — LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST ON RUNLIANG PHARMACEUTICAL**

The Stock Exchange of Hong Kong Limited  
11/F., One International Finance Centre,  
1 Harbour View Street,  
Central,  
Hong Kong



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

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

**(Stock Code: 926)**

Dear Sirs or Madams,

**CONNECTED TRANSACTION OF BESUNYEN HOLDINGS COMPANY LIMITED (THE “COMPANY”) IN RELATION TO ACQUISITION OF 20% EQUITY INTEREST IN RUNLIANG PHARMACEUTICAL**

We refer to the announcement of the Company dated 2 September 2016 (the “Announcement”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We have reviewed the bases and assumptions based upon which the valuation of Runliang Pharmaceutical (the “Valuation”) has been prepared by DTZ Cushman & Wakefield Limited. We have also considered the report from the auditor of the Company, PricewaterhouseCoopers, regarding whether the discounted future estimated cash flows in connection with the Valuation of Runliang Pharmaceutical, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that the profit forecast of Runliang Pharmaceutical has been made after due and careful enquiry by us.

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

2 September 2016



## **APPENDIX II — REPORT FROM PRICEWATERHOUSECOOPERS IN RELATION TO THE CALCULATIONS OF THE PROFIT FORECAST ON RUNLIANG PHARMACEUTICAL**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.*



羅兵咸永道

### **INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF GUANGZHOU RUNLIANG PHARMACEUTICAL CO., LTD.**

#### **TO THE BOARD OF DIRECTORS OF BESUNYEN HOLDINGS COMPANY LIMITED (THE "COMPANY")**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") prepared by DTZ Cushman & Wakefield Limited (the "Valuer") in respect of the appraisal of the Valuation of 100% equity interest in Guangzhou RunLiang Pharmaceutical Co., Ltd. (the "Target Company") is based. The Valuation is in connection with the acquisition of 20% equity interest in the Target Company by Beijing Outsell Health Product Development Co., Ltd., an indirect wholly-owned subsidiary of the Company, as set out in the Company's announcement dated 2 September 2016 (the "Announcement"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

#### **Directors' Responsibility for the Discounted Future Estimated Cash Flows**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors as set out in a valuation report dated 2 September 2016 as issued by the Valuer in relation to the Valuation (the "Valuation Report"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### **Auditor's Responsibilities**

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Valuation Report. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

### **Opinion**

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out in the Valuation Report.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 2 September 2016