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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**  
**DISPOSAL OF 100% EQUITY INTEREST IN**  
**BESUNYEN FOOD AND BEVERAGE**

On 10 March 2017 (after trading hours), Beijing Outsell, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Zhonghang Tuohong and Besunyen Food and Beverage, pursuant to which (i) Beijing Outsell agreed to dispose of and Zhonghang Tuohong agreed to acquire 100% equity interest in Besunyen Food and Beverage for an aggregate consideration of RMB75,000,000; and (ii) Besunyen Food and Beverage agreed to pay the Debt of RMB50,000,000 to Beijing Outsell. Upon completion of the Equity Transfer, Besunyen Food and Beverage will cease to be a subsidiary of the Company.

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

**INTRODUCTION**

On 10 March 2017 (after trading hours), Beijing Outsell, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Zhonghang Tuohong and Besunyen Food and Beverage, pursuant to which (i) Beijing Outsell agreed to dispose of and Zhonghang Tuohong agreed to acquire 100% equity interest in Besunyen Food and Beverage for an aggregate consideration of RMB75,000,000; and (ii) Besunyen Food and Beverage agreed to pay the Debt of RMB50,000,000 to Beijing Outsell. Upon completion of the Equity Transfer, Besunyen Food and Beverage will cease to be a subsidiary 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, Zhonghang Tuohong and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **EQUITY TRANSFER AGREEMENT**

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

**Date:** 10 March 2017

**Parties:** (i) Beijing Outsell (as the vendor);  
(ii) Besunyen Food and Beverage (as the target company); and  
(iii) Zhonghang Tuohong (as the purchaser)

**Target Asset:** 100% equity interest in Besunyen Food and Beverage held by Beijing Outsell

**Consideration:** Pursuant to the Equity Transfer Agreement, the aggregate consideration for the 100% equity interest in Besunyen Food and Beverage is RMB75,000,000.

The consideration was determined after arm's length negotiations between Beijing Outsell and Zhonghang Tuohong with reference to the appraised value of the 100% equity interest in Besunyen Food and Beverage as at 28 February 2017, being RMB75,000,000, as appraised by DTZ Cushman & Wakefield Limited (an independent valuer) using asset-based approach.

**Payment Arrangements:** The consideration of the Equity Transfer under the Equity Transfer Agreement shall be paid by Zhonghang Tuohong by way of bank transfer in two instalments as follows:

- (i) The first instalment: RMB15,000,000 shall be paid by Zhonghang Tuohong within 5 days upon the Equity Transfer Agreement becoming effective.
- (ii) The second instalment: RMB60,000,000 shall be paid by Zhonghang Tuohong within 5 days upon receipt of notice from Beijing Outsell confirming that all the internal accounts receivable and accounts payable of Besunyen Food and Beverage have been settled.

**Completion:** Beijing Outsell and Zhonghang Tuohong shall carry out the AIC Registration within 5 days upon Beijing Outsell receiving the second instalment. Upon completion of the Equity Transfer, Besunyen Food and Beverage will cease to be a subsidiary of the Company.

**Payment of Debt:** Within 45 days upon the completion of the AIC Registration, Besunyen Food and Beverage shall pay the Debt to Beijing Outsell, and Zhonghang Tuohong shall procure Besunyen Food and Beverage to pay the Debt within the prescribed period. For this purpose, Zhonghang Tuohong shall, within 3 days from the date of completion of AIC Registration (or such other period which Beijing Outsell agreed in writing), pledge its 100% equity interest in Besunyen Food and Beverage to Beijing Outsell or its designated party until the Debt has been fully paid by Besunyen Food and Beverage. If Besunyen Food and Beverage fails to pay the Debt within the prescribed period, Beijing Outsell is entitled to enforce the pledge and/or requires Zhonghang Tuohong to bear joint and several liabilities to pay the Debt.

**Termination:** The Equity Transfer Agreement can be terminated in the following ways:

- (i) by consensus between Beijing Outsell and Zhonghang Tuohong; or
- (ii) by Beijing Outsell if Zhonghang Tuohong delays in payment of the consideration of the Equity Transfer for over ten days.

The Equity Transfer Agreement shall become effective upon being signed and chopped by Beijing Outsell, Besunyen Food and Beverage and Zhonghang Tuohong.

#### **INFORMATION ON BESUNYEN FOOD AND BEVERAGE**

Besunyen Food and Beverage is a limited liability company incorporated in the PRC and is principally engaged in the production and sales of tea-bags and the wholesale of prepackaged foods. In recent years, its main business is producing and selling Besunyen herb teas, as well as selling foods that processed by outsourced producers.

The unaudited consolidated total assets and net assets of Besunyen Food and Beverage as at 31 December 2016 were RMB110,045,172 and RMB43,862,683, respectively. The unaudited net loss (both before and after taxation) of Besunyen Food and Beverage for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	<b>For the year ended 31 December 2015 (RMB)</b>	<b>For the year ended 31 December 2016 (RMB)</b>
Net loss before taxation	9,147,269	9,294,184
Net loss after taxation	9,178,202	9,294,184

## **FINANCIAL EFFECTS OF THE EQUITY TRANSFER AGREEMENT AND USE OF PROCEEDS**

Upon completion of the Equity Transfer, the Company expects to record a gain on disposal of approximately RMB28,000,000, taking into account the differences between the aggregate consideration and the net assets value of Besunyen Food and Beverage as at 31 December 2016.

Proceeds from the Equity Transfer and the Debt paid by Besunyen Food and Beverage will be applied by Beijing Outsell for its operation of business and strategic investments.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Company is of the view that the transaction contemplated under the Equity Transfer Agreement will enable the Group to concentrate on adjusting its strategic layout and product structure, and is expected to improve the operation and convert the idle long-term assets into funds for strategic investments.

As such, the Directors are of the view that the terms and conditions of the Equity Transfer 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 transaction contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, therefore the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

None of the Directors are deemed to have material interest in the transaction contemplated under the Equity Transfer Agreement, and thus have been required to abstain from voting on the relevant resolution at the Board meeting.

## **GENERAL INFORMATION OF THE GROUP AND THE PARTIES**

### **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.

### **Beijing Outsell**

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

### **Zhonghang Tuohong**

Zhonghang Tuohong is a limited liability company incorporated in the PRC and is principally engaged in real estate development and operation.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AIC Registration”	the registration of the Equity Transfer with applicable administration for industry and commence
“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
“Besunyen Food and Beverage”	Beijing Besunyen Food and Beverage Co., Ltd. (北京碧生源食品飲料有限公司) a company incorporated under the laws of the PRC with limited liability, and is owned as to 100% by Beijing Outsell as at the date of this announcement
“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
“Debt”	the due debt of RMB50,000,000 to be paid by Besunyen Food and Beverage to Beijing Outsell
“Director(s)”	the director(s) of the Company
“Equity transfer”	the transfer of the 100% equity interest in Beijing Food and Beverage by Beijing Outsell to Zhonghang Tuohong in accordance with the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into on 10 March 2017 between Beijing Outsell, Besunyen Food and Beverage and Zhonghang Tuohong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhonghang Tuohong”	Zhonghang Tuohong (Xi’an) Property Co., Ltd. (中航拓宏(西安)置業有限公司), a company incorporated under the laws of the PRC with limited liability

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

Hong Kong, 10 March 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.*