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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 XUEYINGHUA**

On 1 February 2021 (after trading hours), Qianruiwanfu, an indirect wholly-owned subsidiary of the Company, entered into the Restructuring Investment Agreement with Xueyinghua and the Administrator, pursuant to which Qianruiwanfu agreed to pay the Investment Amount of RMB31.99 million and accept the 100% equity interest in Xueyinghua. Upon completion of the Restructuring Investment, Xueyinghua will become an indirect wholly-owned subsidiary of the Company.

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

I. INTRODUCTION

On 1 February 2021 (after trading hours), Qianruiwanfu, an indirect wholly-owned subsidiary of the Company, entered into the Restructuring Investment Agreement with Xueyinghua and the Administrator, pursuant to which Qianruiwanfu agreed to pay the Investment Amount of RMB31.99 million and accept the 100% equity interest in Xueyinghua. Upon completion of the Restructuring Investment, Xueyinghua will become an indirect wholly-owned 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, the Administrator, Xueyinghua and Xueyinghua's ultimate beneficial owners are third parties independent of the Company and its connected persons.

II. THE RESTRUCTURING INVESTMENT AGREEMENT

The principal terms of the Restructuring Investment Agreement are set out below:

Date: 1 February 2021

Parties:

- (i) Qianruiwanfu, a wholly-owned subsidiary of the Company;
- (ii) the Administrator, a law firm established in the PRC and was designated by the Court to act as the bankruptcy administrator of Xueyinghua; and
- (iii) Xueyinghua, a limited liability company established in the PRC and applied for bankruptcy liquidation on 27 August 2018.

Investment Subject

The 100% equity interest in Xueyinghua

Investment Amount and Payment

The Investment Amount payable by Qianruiwanfu for Xueyinghua shall be RMB31.99 million, among which, RMB26.99 million shall be paid to the Administrator within three working days after entering into the Restructuring Investment Agreement, and the deposit of RMB5 million paid by Qianruiwanfu to the Administrator prior to the entry of the Restructuring Investment Agreement shall automatically be converted into part of the Investment Amount on the date of entering into the Restructuring Investment Agreement. The Investment Amount will be fully paid in cash using internal resources of the Group.

The Investment Amount was determined after arm's length negotiations between Qianruiwanfu and the Administrator. In determining the Investment Amount, Qianruiwanfu made reference to the appraised value of 100% equity interest in Xueyinghua as at 31 December 2020 (the "**Valuation Date**") of RMB35.98 million, which was made based on the assumption that the implementation of the Restructuring Plan is completed on the Valuation Date.

The Valuer adopted asset-based approach in valuing the 100% equity interest in Xueyinghua as stated above. When valuing Xueyinghua's assets, the Valuer adopted income approach in valuing the medicine production license and drug approvals (the "Medicine Licenses") of Xueyinghua. Therefore, the valuation of the Medicine Licenses is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Company will make further announcement(s) in respect of the profit forecast within fifteen (15) business days after the publication of this announcement pursuant to Rule 14.60A of the Listing Rules.

The Investment Amount will be used by the Administrator to pay Xueyinghua's bankruptcy expenses and Common Interest Debts as well as settle the creditors' claims that have been filed and approved by the Court pursuant to the Restructuring Plan. The maximum amount for settlement of such bankruptcy expenses, Common Interest Debts and creditors' claims that have been filed and approved by the Court shall not exceed the Investment Amount, and Xueyinghua shall not be liable for any settlement in excess of the Investment Amount, if any. In addition, upon completion of the implementation of the Restructuring Plan, Xueyinghua shall no longer be liable for the repayment of (i) any debts that have been forgiven in accordance with the Restructuring Plan; and (ii) any creditors' claims which have not been filed as required.

Closing

Within 15 days from the date of payment of the Investment Amount by Qianruiwanfu, the Administrator shall handover the operation and management rights and assets of Xueyinghua to Qianruiwanfu. Such handover shall include but not limited to the handover of the company seal, original certificates, original drug approvals as well as operation and management rights of Xueyinghua.

Within two months from the date of entering into the Restructuring Investment Agreement, the Administrator shall complete the registration of Qianruiwanfu as the sole shareholder of Xueyinghua.

Effectiveness of Agreement

The Restructuring Investment Agreement shall become effective from the date of execution and affixing of seal by each party.

III. GENERAL INFORMATION OF THE PARTIES

Qianruiwanfu

Qianruiwanfu is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business is investment management. The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. The Group is a leading provider of therapeutic tea products in the PRC and is principally engaged in the research and development, production, sales and marketing of therapeutic tea and pharmaceutical products.

The Administrator

The Administrator is a law firm established in the PRC and was designated to act as the administrator of Xueyinghua by the People's Court of Chuanhui District in September 2019.

Xueyinghua

Xueyinghua is a company established in the PRC with limited liability in 2005, with a registered capital of RMB30 million, and its legal representative is Yu Zhenyan (于振豔). Xueyinghua is principally engaged in the production and sales of soft capsules, granules, tablets, hard capsules (including pre-processing and extraction of traditional Chinese medicine), anti-psychotic drugs (alprazolam tablets), calcium amino acid chelate soft capsules under Xueyinghua brand, propolis garlic oil soft capsules, soy isoflavone soft capsules and Agastache rugosa perilla soft capsules. As at the date of this announcement, Xueyinghua has 15,570.61 square meters of production workshops, warehouses, office buildings and auxiliary facilities as well as 53 drug approvals.

As at the date of this announcement, Mr. Wang Changyu (王昌禹) holds 55.38% equity interest in Xueyinghua.

In January 2020, the People's Court of Chuanhui District ruled to carry out bankruptcy restructuring of Xueyinghua. In October 2020, the People's Court of Chuanhui District ruled to approve the Restructuring Plan formulated by the Administrator, and the Restructuring Plan became effective upon the approval. In January 2021, the People's Court of Chuanhui District approved Qianruiwanfu as the restructuring investor of Xueyinghua.

According to information provided by Xueyinghua, it is expected that, immediately upon completion of the implementation of the Restructuring Plan, the unaudited net assets of Xueyinghua under CASBE will be RMB4.97 million. The unaudited losses before and after tax of Xueyinghua under CASBE for the two financial years ended 31 December 2019 and 31 December 2020 are as follows:

	For the financial year ended 31 December 2019 (RMB' 000)	For the financial year ended 31 December 2020 (RMB' 000)
Net loss before tax	-118	-552
Net loss after tax	-118	-552

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING INVESTMENT AGREEMENT

Over years of operations in the over-the-counter market, the Group has accumulated experience and sufficient customer resources and intended to leverage its mature marketing channels and marketing experience in relation to online and offline sales of pharmaceutical and healthcare products. Through the investment in Xueyinghua, the Group can expand its product lines, in particular the production of soft capsules, tablets and hard capsules, thereby enhancing the Group's marketing vitality and economies of scale.

Through the Restructuring Investment, the Group could gradually achieve its overall layout in the pharmaceutical, healthcare products and healthcare industries. The Restructuring Investment would enable the Group to obtain more comprehensive qualifications in pharmaceutical research and development and production, while laying a strong foundation for the Group's comprehensive layout and development in the pharmaceutical field.

Accordingly, the Directors consider that the terms and conditions of the Restructuring Investment Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

V. LISTING RULES IMPLICATION

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

VI. DEFINITIONS

In this announcement, unless the content otherwise requires, the following terms have the meanings below:

“Administrator”	Henan Qianye Lawyers* (河南千業律師事務所)
“asset-based approach”	a valuation methodology to determine the value of the subject of valuation on a reasonable basis by valuating an enterprise’s values attributable to the overall on-balance-sheet and off-balance-sheet assets and liabilities, based on the balance sheet of the subject of valuation as at the valuation date
“Board”	the board of Directors of the Company
“CASBE”	China Accounting Standard for Business Enterprises
“Common Interest Debts”	certain debts arising after the acceptance of the application by the Court for bankruptcy of Xueyinghua, which fall within the scope specified by Article 42 of the Enterprise Bankruptcy Law of the People’s Republic of China
“Company”	Besunyen Holdings Company Limited, 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 persons”	have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Amount”	an investment amount of RMB31.99 million, which shall be paid by Qianruiwanfu pursuant to the terms and conditions of the Restructuring Investment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“People’s Court of Chuanhui District” or “Court”	People’s Court of Chuanhui District, Zhoukou, Henan Province

“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Qianruiwanfu”	Tibet Qianruiwanfu Venture Investment Co., Ltd.* (西藏千瑞萬福創業投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Restructuring Investment”	the investment in Xueyinghua carried out by Qianruiwanfu pursuant to the Restructuring Investment Agreement
“Restructuring Investment Agreement”	the restructuring investment agreement entered into by and among Qianruiwanfu, the Administrator and Xueyinghua on 1 February 2021
“Restructuring Plan”	the restructuring plan of Xueyinghua formulated by the Administrator, which has been approved by the People’s Court of Chuanhui District on 30 October 2020 and has become effective
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Valuer”	Asia-Pacific Consulting and Appraisal Limited
“Xueyinghua”	Henan Xueyinghua Pharmaceutical Co., Ltd.* (河南雪櫻花製藥有限公司), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 1 February 2021

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 Director is Mr. Zhuo Fumin; and the independent non-executive Directors are Mr. Ren Guangming, Mr. He Yuanping and Mr. Fu Shula.

** For identification purpose only*