THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Besunyen Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

碧生源控股有限公司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF
100% EQUITY INTERESTS IN THE TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of Besunyen Holdings Company Limited to be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on 22 February 2019 at 3:30 p.m. is set out on pages 74 and 75 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at EGM or any adjourned meeting if you so wish.

4 February 2019

CONTENTS

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

"AIC"	the 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 under the laws of the PRC
"Articles of Association"	the articles of association of the Company, as amended from time to time
"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 limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
"Besunyen Building"	Besunyen Building, situated at Block D, Linglong Tiandi, No. 160 West 4th Ring Road North, Haidian District, Beijing
"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 limited liability company incorporated under the laws of the PRC, and is owned as to 100% by Tibet Besunyen Trading as at the date of this circular
"Besunyen Property"	Beijing Besunyen Property Management Co., Ltd. (北京碧生源物業管理有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company as at the date of this circular
"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 under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Business Day"	any calendar day except Saturday, Sunday and all statutory holidays in Singapore and China
"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
"Completion" or "Closing"	the completion of the Disposal in accordance with the terms of the Equity Transfer Agreement
"connected person(s)"	has the meaning ascribed to it in the Listing Rules

"Consideration"	the consideration payable by the Purchaser to the Vendor with respect to the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the Vendor's sale of 100% equity interests in the Target Company to the Purchaser in accordance with the Equity Transfer Agreement
"EGM"	the extraordinary general meeting of the Company to be convened and held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on 22 February 2019 at 3:30 p.m. or any adjournment thereof
"Equity Transfer Agreement"	the equity transfer agreement entered into between the Purchaser and the Vendor regarding the Disposal on 31 December 2018
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollar"	Hong Kong dollar, the lawful currency of Hong Kong
"Independent Third Party"	the individuals or companies independent of the Company and its connected persons
"Kangbaina"	Zhuhai Kangbaina Pharmaceutical Co., Ltd. (珠海康百納藥業有限公司), a limited liability company incorporated under the laws of the PRC
"Latest Practicable Date"	1 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Pincha"	Beijing Pincha Online E-Commerce Co., Ltd. (北京品茶在線電子商務有限公司), a limited liability company incorporated under the laws of the PRC

"Property Valuation Report"	the property valuation report issued by Asia-Pacific Consulting and Appraisal Limited, an independent valuer, on 10 December 2018 setting out the appraised market value of Besunyen Building as at 30 November 2018 adopting income approach
"Purchaser"	Tosalco Pte. Ltd., a limited liability company incorporated under the laws of Singapore
"Remaining Group"	the Group excluding the Target Group
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shareholders"	the holders of the shares of the Company
"Shares"	the ordinary share(s) of US$0.00000833333 each in the capital of the Company
"Singapore"	the Republic of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Beijing Chang Sheng Business Consulting Co., Ltd. (北京暢升商務諮詢有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company as at the date of this circular
"Target Group"	the Target Company and its subsidiaries
"Tibet Besunyen Trading"	Tibet Besunyen Trading Company Limited (西藏碧生源商貿有限公司), a limited liability company incorporated under the laws of the PRC
"Two Teas"	Besunyen Detox Tea and Besunyen Slimming Tea
"US dollar"	US dollar, the lawful currency of the United States
"Vendor"	A Li Yun Shan (Beijing) Business Consulting Co., Ltd. (阿利雲山(北京)商務諮詢有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
"Yuanyuan Liuchang Fund"	Ningbo Yuanyuan Liuchang Investment Centre (Limited Partnership) (寧波源遠流長投資中心(有限合夥)), a limited partnership established under the laws of the PRC

"Zhonghang Tuohong"	Zhonghang Tuohong (Xi'an) Property Co., Ltd. (中航拓宏(西安)置業有限公司), a limited liability company incorporated under the laws of the PRC
"Zhongshan Wanhan"	Zhongshan Wanhan Pharmacy Co., Ltd. (中山萬漢製藥有限公司), a limited liability company incorporated under the laws of the PRC
"Zhongshan Wanyuan"	Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. (中山萬遠新藥研發有限公司), a limited liability company incorporated under the laws of the PRC

碧生源控股有限公司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

Executive Directors:
Mr. ZHAO Yihong *(Chairman and Chief Executive Officer)*
Ms. GAO Yan *(Vice Chairman)*

Non-executive Director:
Mr. ZHUO Fumin

Independent Non-executive Directors:
Mr. HUANG Jingsheng
Mr. REN Guangming
Mr. HE Yuanping

Registered Office:
Portcullis (Cayman) Ltd.
The Grand Pavilion Commercial Centre
Oleander Way, 802 West Bay Road
P.O. Box 32052
Grand Cayman KY1-1208
Cayman Islands

Principal Place of Business in PRC:
10/F., Besunyen Building, Linglong Tiandi
No. 160 West 4th Ring Road North
Haidian District, Beijing 100036
PRC

Place of Business in Hong Kong:
Room 1303, 13/F., China Resources Building
26 Harbour Road, Wanchai
Hong Kong

4 February 2019

To the Shareholders

Dear Sirs or Madams,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF
100% EQUITY INTERESTS IN THE TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2018 in relation to the Disposal. The purpose of this circular is to provide you with: (i) further details of the Disposal; and (ii) the notice of the EGM, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

II. DISPOSAL OF 100% EQUITY INTERESTS IN THE TARGET COMPANY

On 31 December 2018 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% equity interests in the Target Company for a Consideration of RMB555 million payable by the Purchaser entirely in cash. Upon the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the members of the Target Group will no longer be consolidated into the financial statements of the Group.

The major terms of the Equity Transfer Agreement are set out below:

Date:

31 December 2018

Parties:

(1) Vendor: A Li Yun Shan (Beijing) Business Consulting Co., Ltd.

(2) Purchaser: Tosalco Pte. Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties independent of the Company and its connected persons.

Assets to be Disposed

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% equity interests in the Target Company. After the Internal Reorganization (as disclosed in the section headed "Internal Reorganization" in detail below) and before the Closing, the Target Company will hold 100% equity interests in Besunyen Property (also an indirect wholly-owned subsidiary of the Company). Besunyen Property is the registered owner of the Besunyen Building.

The Besunyen Building is a building with 11 storeys aboveground and portion of underground parking space situated at Block D, Linglong Tiandi, No. 160 West 4th Ring Road North, Haidian District, Beijing with a gross floor area of 11,628.21 square meters. As at the date of this circular, a floor area of 3,235.89 square meters of the Besunyen Building has been used by the Group as office space and held as fixed assets;

and a floor area of 8,392.32 square meters of the Besunyen Building has been leased to Independent Third Parties by Besunyen Property and held as investment real properties.

The unaudited net book value of the Besunyen Building as at 30 September 2018 was approximately RMB284,943,000. According to the Property Valuation Report, the appraised market value of the Besunyen Building as at 30 November 2018 was RMB480,000,000. Please refer to Appendix V for the property valuation report prepared in accordance with the requirements of Chapter 5 of the Listing Rules.

Consideration and Payment

The Consideration of RMB555 million was arrived at after arm's length negotiations with reference to the projected net assets of each of the Target Company and Besunyen Property as at 31 December 2018 assuming the Internal Reorganization has been completed then, being approximately RMB311,641,000 and RMB311,641,000 respectively, as well as the appraised value of the Besunyen Building as at 30 November 2018 indicated in the Property Valuation Report, being RMB480,000,000. The parties agree to evaluate the 100% equity interests in the Target Company after the Internal Reorganization so as to confirm the Consideration.

The Consideration shall be payable by the Purchaser to the Vendor in the following manners:

(1) 90% of the Consideration shall be paid by the Purchaser to the Vendor within ten (10) Business Days after the satisfaction of all conditions precedent to Closing as agreed under the Equity Transfer Agreement (the "**Initial Payment**"); and

(2) the remaining 10% of the Consideration shall be paid by the Purchaser to the Vendor within ten (10) Business Days upon the first anniversary date of the Closing; provided that no liquidated damages or other amounts confirmed by the Parties shall be paid by the Vendor to the Purchaser as agreed in the Equity Transfer Agreement (the "**Remaining Balance**").

Adjustment of Consideration

Within five (5) Business Days of the date of the Closing, the Vendor shall prepare a balance sheet as at the date of the Closing of the Target Company. If any of the adjusting events occurs and causes the variation between the balance sheet of the Target Company as at the Closing and the projected balance sheet of the Target Company as at 28 February 2019 (the expected date of Closing) to exceed RMB50,000, the Consideration shall then be adjusted accordingly, i.e., the Purchaser shall pay the difference within five (5) Business Days after the determination of the adjusting amount to the account designated by the Vendor (in case of upward adjustment as compared with the Consideration), or the Vendor shall pay the difference within five (5) Business Days after the determination of the adjusting amount to the account designated by the Purchaser (in case of downward adjustment as compared with the Consideration). If there is no adjusting event or the variation does not exceed RMB50,000, the Consideration will not be changed.

"Adjusting events" mainly include the following activities between the date of the Equity Transfer Agreement and the date of Closing: (i) distribution of dividends by the Target Company; (ii) transfer of funds of the Target Company by means of charging service fees; and (iii) recording unreasonable fee in the accounts of the Target Company.

The projected financial statements of the Target Company as at the expected date of Closing were prepared on the basis of historical costs, which will also serve as the basis for the preparation of the financial statements of the Target Company as at the actual date of Closing. In addition, based on the preliminary judgment of the management of the Company, the Target Company will not incur the adjusting events. In conclusion, the Directors believe that the adjusting events will have no material effect on the Consideration, and the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Reorganization

The following internal reorganization (the "**Internal Reorganization**") shall be carried out: (i) the Target Company shall hold 60% equity interests in Besunyen Property before 31 December 2018 (the "**First-step Reorganization**"); and (ii) the Target Company shall receive the 40% equity interests in Besunyen Property from Beijing Outsell on or before 15 January 2019, thus owning 100% equity interests in Besunyen Property, and the debt of RMB300 million owed by Besunyen Property to the Target Company shall have been converted to equity interests held by the Target Company in Besunyen Property (the "**Second-step Reorganization**").

As at the Latest Practicable Date, the Internal Reorganization has been completed.

Letter of Guarantee

(1) Within eight (8) Business Days after the Equity Transfer Agreement is signed and the Target Company holds 60% equity interests in Besunyen Property, the Purchaser shall provide a letter of guarantee to the Company for an amount of 20% of the Consideration valid until 28 February 2019. If the Closing occurs after 28 February 2019, the validity of the letter of guarantee shall be extended to the date of Closing confirmed by the parties. At the same time that the Purchaser provides the above-mentioned letter of guarantee, the Company shall return the letter of guarantee dated 19 November 2018 for an amount of USD4 million provided by the Purchaser. If the conditions precedent to the effectiveness of the Equity Transfer Agreement have not been fulfilled and have not been waived by the Purchaser (if the Purchaser has the right to do so), the Purchaser is entitled to unilaterally terminate and retrieve the letter of guarantee.

The amount of USD4 million of the letter of guarantee dated 19 November 2018 was made by reference to 5% of the Consideration. Providing of such letter of guarantee is the condition for permitting the Purchaser to conduct due diligence on the Target Company.

(2) Within five (5) Business Days after the Disposal has been registered by the parties with the AIC and the Purchaser has received a notice on approval for alteration of registration or a receipt from the AIC, the Purchaser shall provide a letter of guarantee to the Company for an amount of 70% of the Consideration valid until 28 February 2019. If the Closing occurs after 28 February 2019, the validity of the letter of guarantee shall be extended to the date of Closing confirmed by the parties. If the conditions precedent to Closing have not been fulfilled and have not been waived by the Purchaser (if the Purchaser has the right to do so), the Purchaser is entitled to unilaterally terminate and retrieve the letter of guarantee and the above-mentioned letter of guarantee for an amount of 20% of the Consideration.

(3) At the same time of the Initial Payment by the Purchaser, the Company shall return all the above-mentioned letters of guarantee provided by the Purchaser, including the letter of guarantee for an amount of USD4 million (if any), the letter of guarantee for an amount of 20% of the Consideration and the letter of guarantee for an amount of 70% of the Consideration.

(4) The Vendor or an affiliate designated by it shall provide letters of guarantee to a domestic affiliate designated by the Purchaser prior to the Initial Payment valid until the date when all outstanding issues listed in the Equity Transfer Agreement have been resolved or the date indicated in the letters of guarantee, for a total amount covering the remediation costs for the resolution of such issues. If the Vendor or the affiliate designated by it fails to provide such letters of guarantee before the Initial Payment, the Purchaser is entitled to deduct in full the expenses of the outstanding issues which should have been resolved but remain unresolved at the Closing when it makes the Initial Payment.

Conditions Precedent to Effectiveness of the Equity Transfer Agreement

The Equity Transfer Agreement shall be established on the date it is signed by the parties and shall take effect after all conditions precedent set out below have been satisfied or have been waived by the Purchaser. The conditions precedent waived by the Purchaser will become the closing obligations of the Vendor:

(1) The alteration registration of the Internal Reorganization with the AIC has been completed and the Vendor has provided relevant materials to the Purchaser. All matters related to the Internal Reorganization shall comply with the requirements of applicable laws and regulations and the structure of the transaction has been recognized by the Purchaser;

(2) The Vendor and the Purchaser shall respectively obtain the approval(s) required for and applicable to the Disposal, and the approval of the Disposal at a general meeting of the Company shall be obtained. The Vendor shall obtain the approval of the announcement and circular in relation to the Disposal from the Stock Exchange;

(3) A lease contract has been signed between the Vendor or an affiliate designated by it and the Purchaser or a domestic third party designated by it in respect of the Levels 10 and 11 of the Besunyen Building; and

(4) The parties have reached an agreement on the remediation plan and the remediation costs allocation plan in relation to the outstanding issues listed in the Equity Transfer Agreement, and the Vendor or an affiliate designated by it has provided all letters of guarantee for remediation to a domestic affiliate designated by the Purchaser covering the relevant remediation costs.

The Purchaser is entitled to waive all the conditions set out above (save for condition (2) which is not waivable). As at the Latest Practicable Date, condition (3) has been fulfilled.

Conditions Precedent to Closing

The Closing shall be conditional upon and subject to the satisfaction or the Purchaser's waiver of the following conditions precedent. If the Purchaser continues to perform the Equity Transfer Agreement after waiver of the conditions precedent in whole or in part, then the conditions precedent so waived shall become the post-closing obligations of the Vendor. The Vendor shall fulfil the post-closing obligations within sixty (60) days after the Closing:

(1) All conditions precedent to the effectiveness of the Equity Transfer Agreement have been satisfied or waived by the Purchaser;

(2) The registration of the Disposal with the AIC has been completed and the Target Company has received a new business license;

(3) The Purchaser has provided the letters of guarantee to the Company as agreed in the Equity Transfer Agreement;

(4) The parties have paid taxes in full as agreed in the Equity Transfer Agreement and have completed the filing with the relevant commission of commerce and the registration procedures with the relevant foreign exchange authority;

(5) The outstanding issues, including without limitation clearing the accounts current amongst related parties as at Closing by the Target Company and Besunyen Property and satisfying the requirements of the Purchaser, and required expenses listed in the Equity Transfer Agreement have been resolved

by the Vendor appropriately or a resolution plan has been concluded to the satisfaction of the Purchaser in writing, and the Vendor has provided the letters of guarantee covering the relevant remediation costs; and

(6) With the confirmation of the Purchaser, the rental proceeds of the Besunyen Building from 1 January 2019 to the date of Closing have been reserved to the Besunyen Property's account and the parties confirm that the reserved rental proceeds will not be applied to adjust the Consideration.

The Purchaser is entitled to waive all the conditions set out above (save for condition (3) which is not waivable). As at the Latest Practicable Date, condition (3) has been fulfilled.

Closing

Within five (5) Business Days from the date when all conditions precedent to Closing have been fulfilled or waived by the Purchaser, the Vendor shall provide, and cause the Target Company to provide the Purchaser with the items listed in the list of project deliverables and any additional documents, materials and objects required by the Target Company in the ordinary course of business from the date of the Equity Transfer Agreement up to the Closing date; and the Vendor shall hand over the Target Company, Besunyen Property and the Besunyen Building to the Purchaser on an as is basis. The Closing shall occur when the above matters are completed by the Vendor. Starting from the Closing date, the rights and obligations and the associated risks of the Target Company and the Besunyen Building will be assumed by the Purchaser as a whole.

Whether due to a force majeure event or for a reason attributable to the Vendor or the Purchaser, if the Closing under the Equity Transfer Agreement does not occur by 31 August 2019, either party may terminate the Equity Transfer Agreement by written notice to the other party.

Industrial and Commercial Registration

Within five (5) Business Days after the Equity Transfer Agreement was signed and the Purchaser provided the letter of guarantee for an amount of 20% of the Consideration to the Company, the Vendor and the Target Company shall identify the documents and materials required for the registration of this transaction at the online platform of Beijing Administration for Industry and Commerce. Thereafter, the parties shall cooperate with each other in preparing the application documents required by the AIC for alteration registration and going through the registration procedures for transfer of equity. The Purchaser will keep the notice on approval for alteration of registration or the receipt issued by the local AIC. The Vendor shall complete the industrial and commercial registration within ten (10) Business Days after submission of the documents. The new business license of the Target Company shall be received and kept by the Purchaser after the Purchaser presents the letter of guarantee for an amount of 70% of the Consideration to the Company.

If the Equity Transfer Agreement was terminated or invalidated as the conditions for the effectiveness of the agreement have not been fulfilled, the Purchaser undertakes to use its best efforts to provide assistance at the Vendor's request in the procedures and actions required for revocation of the transfer of equity, including without limitation the cancellation and alteration registration procedures in relation to the filing with the relevant commission of commerce, reinstatement of the industrial and commercial registration regarding the Vendor's ownership of the equity interests in the Target Company, and alteration and cancellation of the foreign exchange information, cancellation of declaration of withholding taxes, refund of withholding taxes and return of the letters of guarantee.

Special Breach of Contract Liability

Any party who commits a special breach of contract as stated below shall pay an amount of liquidated damages equal to RMB60 million to the other party. A special breach of contract refers to:

(1) with respect to the Vendor:

a. a deliberate and intentional prevention of the industrial and commercial registration, filing with the commission of commerce, the payment of taxes in relation to the Disposal, and the registration procedures with the relevant foreign exchange authority in relation to the Target Company;

b. a deliberate and intentional prevention of the fulfilment of a condition precedent to Closing;

c. an act of breaching representations and warranties in bad faith; and

d. except for any reason attributable to the Purchaser or a force majeure event, a failure to complete the Closing which persists for more than six (6) months, rendering the Closing impossible.

(2) with respect to the Purchaser:

a. a deliberate and intentional prevention of the fulfilment of a condition precedent to Closing;

b. a failure to pay the Consideration (in part or in whole) to the Vendor in a timely manner and such failure continues within ten (10) days after the Vendor sends a payment reminder;

c. an act of breaching representations and warranties in bad faith; and

d. except for any reason attributable to the Vendor or a force majeure event, a failure to complete the Closing which persists for more than six (6) months, rendering the Closing impossible.

INFORMATION OF THE TARGET COMPANY AND BESUNYEN PROPERTY

The Target Company is a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, and is a vehicle which holds Besunyen Property for the transaction. The Target Company was legally incorporated in July 2018. As at 30 September 2018, since the First-step Reorganization has not been completed, the unaudited net assets of the Target Company were nil, and the unaudited net profits (before and after taxation) of the Target Company for the period from its incorporation to 30 September 2018 were nil. The Target Company has fully controlled the whole equity interests in Besunyen Property as at the Latest Practicable Date.

Besunyen Property is a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. The major asset of Besunyen Property is the Besunyen Building, and it's mainly engaged in leasing commercial and office space.

According to the condensed combined financial information of the Target Group as set out in Appendix II of this circular which have been reviewed by PricewaterhouseCoopers, the unaudited combined total assets of the Target Group as at 30 September 2018 were approximately RMB335,399,000, the unaudited combined net assets of the Target Group as at 30 September 2018 were approximately RMB13,851,000 (with the outstanding debts to a member of the Group for an amount of RMB300 million[1]), and the unaudited combined revenue and other financial data of the Target Group for the financial year ended 31 December 2017 and the nine months ended 30 September 2018 are set out below:

	For the financial year ended 31 December 2017 *Note*	**For the nine months ended 30 September 2018**
	RMB	*RMB*
Revenue	1,990,000	17,861,000
Gross Profits	1,035,000	9,320,000
Operating Profits	721,000	5,491,000
Financing Costs	(1,734,000)	(15,657,000)
Net Loss (before tax)	1,013,000	10,166,000
Net Loss (after tax)	1,013,000	10,166,000

Note: Besunyen Property was incorporated in June 2017. The financial data disclosed in this column are for the period from the date of its incorporation to 31 December 2017.

[1] During the Second-step Reorganization, the Target Company will become the creditor of such debts. Upon completion of the Second-step Reorganization, such RMB300 million debts owned by Besunyen Property to the Target Company will be fully converted to equity interests held by the Target Company in Besunyen Property. As at the Latest Practicable Date, the Second-step Reorganization has been completed.

GENERAL INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Group is a leading provider of therapeutic teas in the PRC, mainly engaged in the research and development, production, sale and promotion of therapeutic teas and medicines.

Vendor

The Vendor is a company incorporated with limited liability under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, owning 100% equity interests in the Target Company, mainly engaged in providing business consulting services to the members of the Group.

Purchaser

The Purchaser is a company incorporated with limited liability under the laws of Singapore, mainly engaged in real property investment, development and operations and a wholly-owned subsidiary of Keppel Land China.

Keppel Land China is a wholly-owned subsidiary of Keppel Land, the property arm of Keppel Corporation, a multi-business company providing robust solutions for sustainable urbanisation, to meet the growing need for energy, infrastructure, clean environments, high quality homes and offices, and connectivity. Keppel Land is geographically diversified in Asia, in Singapore, China, Vietnam, Indonesia, the Philippines and other markets. Keppel Land China is focused on developing township, residential, waterfront, commercial and mixed-use developments in China. Over the years, the company has expanded its footprint in China to close to 10 cities. To date, Keppel Land China has about 20 projects with a pipeline of more than 20,000 homes. Keppel Land China is an investor in the government-to-government project, the Sino-Singapore Tianjin Eco-City (Eco-City). It also plays the role of the developer for the Keppel Group's eco-developments in the Eco-City.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal is expected to record a gain of approximately RMB213 million (after considering the estimated impact on the adoption of International Accounting Standard 17 "Leases"), calculated assuming the Disposal is completed on 30 June 2018 and with reference to the difference between (i) the Consideration (RMB555 million), (ii) the unaudited net assets of the Target Group as at 30 June 2018 (approximately RMB281 million) and the transaction costs, taxes and expenditures of the Disposal (approximately RMB51 million), and (iii) the deferral of gain resulting from sales and leaseback (approximately RMB10 million). Please refer to note 2(c)(x) of Appendix IV for expected gain under International Financial Reporting Standard 16 "Leases", an accounting standard effective from 1 January 2019. The relevant calculations are estimates provided for illustrative purpose only. The actual gain attainable by the Group depends on the actual book value of the Target Group as at the Completion of the Disposal.

Assets and Liabilities

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Completion had taken place on 30 June 2018, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately RMB1,637 million and RMB311 million, respectively.

Profits

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Completion had taken place on 1 January 2018, the unaudited pro forma consolidated profits after tax of the Remaining Group for the six months ended 30 June 2018 would be approximately RMB180 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal represents a good opportunity to realize sizable proceeds from the sale of the property. The net proceeds from the Disposal would be approximately RMB520 million (equal to the proceeds from the Disposal minus relevant transaction costs). The Group intends to use the net proceeds from the Disposal for the following purposes: (i) approximately RMB120 million will be used to replenish the working capital for the day-to-day operation of the Group to expand the existing business of the Group and increase market presence; (ii) approximately RMB150 million will be used to repay debts to reduce the financial costs of the Group; and (iii) the remaining approximately RMB250 million will be used to distribute dividends to the Shareholders, and/or be used for potential investments (if encountering good investment opportunities); in each case subject to actual conditions and the resolution of the Board from time to time.

To ensure that the Group can continue to conduct business at the existing office after the Disposal and the Group's business operations will not be affected by the Disposal, Beijing Outsell (an indirect wholly-owned subsidiary of the Group) entered into a property lease contract (the "**Property Lease Contract**") with Besunyen Property on the day when the Equity Transfer Agreement was signed, pursuant to which Beijing Outsell leases the tenth and eleventh floors of the Besunyen Building from Besunyen Property for office use (with a total floor area of 1,984.98 square meters) (the "**Lease**"). The lease term is three (3) years commencing from the date of Closing of the Disposal. The rent shall be RMB9.5/square meter/day (including VAT).

III. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal of the Company, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Lease, calculated based on the value of the right-of-use assets are less than 5%, the Lease does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

IV. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 74 to 75 of this circular. An ordinary resolution will be proposed at the EGM to seek Shareholders' approval of the Equity Transfer Agreement and the transactions contemplated thereunder. As far as the Company is aware, none of the Shareholders is materially interested in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting on the resolution in relation to the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

Pursuant to the existing Articles of Association, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll except that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Shareholders.

V. RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Equity Transfer Agreement and the transactions contemplated thereunder were on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

VI. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
ZHAO Yihong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2017 have been disclosed in the following documents which have been published on the websites of the HKEX (http://www.hkexnews.hk) and the Company (http://ir.besunyen.com):

- annual report of the Company for the year ended 31 December 2017 published on 19 April 2018 (pages 97 to 183);
- annual report of the Company for the year ended 31 December 2016 published on 3 April 2017 (pages 96 to 163); and
- annual report of the Company for the year ended 31 December 2015 published on 29 March 2016 (pages 64 to 127).

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 December 2018, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had total outstanding indebtedness of RMB150,000,000, comprising (i) guaranteed bank loans of RMB120,000,000 and (ii) unguaranteed bank loans of RMB30,000,000.

Charges

As at 31 December 2018, land use right approximately amounting to RMB18,468,000 were pledged to Zhongshan Rural Commercial Bank as the security for a short-term borrowing of RMB20,000,000. In addition, as at 31 December 2018, land use right approximately amounting to RMB6,392,000 and buildings approximately amounting to RMB88,273,000 were pledged to a third party guarantee company as the securities for being the guarantor of the Group's short-term bank borrowings of RMB100,000,000.

Contingent liabilities

As at 31 December 2018, the Group had no material contingent liabilities or guarantees.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and bills payables in the normal course of business, at the close of business on 31 December 2018, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other contingent liabilities.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirmed that, save as disclosed in the profit warning announcements of the Company dated 6 May 2018 and 26 December 2018, there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2017 (being the date which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that after taking into account the Group's business prospects, the financial resources available to the Group, including the continuing availability of the financing facilities, following the completion of the Disposal and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2016, the British medical journal The Lancet published a global survey report on adult body weight. The results showed that the population size of global recognized obese people has surpassed that of people whose body weights are lower, and the sheer number of obese people in China has been the world's biggest, with 43.2 million obese men and 46.4 million obese women. Based on the statistics from the National Bureau of Statistics of China, the overweight and obesity rates among Chinese have continuously increased. From 1992 to 2015, the overweight rate increased from 13% to 30%, and the obesity rate increased from 3% to 12%. The growing number of obese people has caused the market size of weight loss industry to reach RMB90 billion in 2015.

At the same time, according to the "2017–2022 In-Depth Evaluation and Investment Prospect Analysis Report on China's Health Products Market" published by Intelligence Research Group in August 2017, the size of China's diet drugs market from 2018 to 2022 is expected to reach approximately RMB4.9billion, RMB5.4 billion, RMB6.2 billion, RMB7 billion and RMB7.5 billion, respectively.

In addition, clinical medical investigations showed that the prevalence rates of constipation in China ranged from 3% to17.6%, the prevalence rates of chronic constipation in the general adult population ranged from 4% to 6%. The prevalence rates of constipation increase with age and has reached 22% in adults over the age of 60. The male-to-female ratio of the prevalence has reached 1 : 4.5 and is increasing on an annual basis. Epidemiological surveys showed that China's population with constipation accounted for 8%–12% of the total population, namely a population of 100–150 million people, and the size of China's market for digestive health products has reached more than RMB10 billion.

As of 31 December 2018, the Group has a sales team across 31 provinces, autonomous regions and municipalities directly under the Central Government in PRC China, a total of 63 dealers and 232 distributors of the Two Teas and LARLLY Orlistat. The entire sales team has served a total of nearly 100,000 terminal retail stores of OTC pharmacies. At the same time, the Group's online sales channels have covered mainstream e-commerce platforms such as Tmall and JD. The Group can give full play to the above advantages to help the Besunyen Orlistat produced by Zhongshan Wanhan to enter the market more quickly and effectively.

From September 2018, in traditional channels, the Group further adjusted the allocation mechanism for the sales teams, transforming the performance appraisal mode for key staffs from "performance bonus" to "operation results sharing", namely virtual shares mechanism. Due to this change of the incentive policy and based on the benign marketing system created by the Company after cleaning up the channels and markets in the first half of the year 2018, at present, the Company has preliminarily seen the reaction of operation results and believes that the business performance of the Company will be improved in 2019 as compared with 2018.

In the e-commerce channels, the Group successively developed the Beijing station (JD branch), Hangzhou station (Alibaba branch) and Guangzhou station (Pinduoduo and VIPShop branch) from its original team concentrated in Beijing. Each of the station is close to, approaching and together with customers. The stations also transformed the original operation mode and developed an in-depth understanding of the characteristic, strategies and successful patterns of each of the platforms. Through one year of experience, the stations have established deep relationships with customers from the platforms and built the operation mode conforming to each platform's characteristics. Looking ahead to 2019, the e-commerce channels will continue to seek new e-commerce cooperation opportunities and increase the profits and shareholder returns.

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

REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF BEIJING CHANG SHENG BUSINESS CONSULTING CO., LTD.
(incorporated in the People's Republic of China with limited liability)

To the Board of Directors of Besunyen Holdings Company Limited

Introduction

We have reviewed the financial information set out on pages 22 to 34, which comprises the condensed combined balance sheet of Beijing Chang Sheng Business Consulting Co., Ltd. (the "Disposal Company") and its subsidiary (together, the "Disposal Group") as at 31 December 2017 and 30 September 2018, and the related condensed combined statements of comprehensive income, changes in equity and cash flows for the period from 2 June 2017 to 31 December 2017, the period from 2 June 2017 to 30 September 2017 and the nine months ended 30 September 2018 and explanatory notes (the "Historical Financial Information"). The Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Besunyen Holdings Company Limited (the "Company") in connection with the disposal of the Disposal Group in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

The directors of the Company are responsible for the presentation and preparation of the Historical Financial Information of the Disposal Group in accordance with the basis of presentation and preparation set out in Notes 3 and 4 to the Historical Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rule. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standards Board. Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review of the historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Group for the relevant periods is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 3 and 4 to the Historical Financial Information.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 4 February 2019

CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Period from 2 June 2017 to 31 December 2017** *RMB'000* (Unaudited)	**Period from 2 June 2017 to 30 September 2017** *RMB'000* (Unaudited)	**Nine months ended 30 September 2018** *RMB'000* (Unaudited)
Revenue	5	1,990	—	17,861
Cost of sales		(955)	—	(8,541)
Gross profit		**1,035**	**—**	**9,320**
Administrative expenses		(314)	—	(3,829)
Finance costs		(1,734)	—	(15,657)
Loss before income tax		**(1,013)**	**—**	**(10,166)**
Income tax expense		—	—	—
Loss for the period and total comprehensive loss for the period		**(1,013)**	**—**	**(10,166)**

CONDENSED COMBINED BALANCE SHEET

	Note	As at 31 December 2017 *RMB'000* (Unaudited)	As at 30 September 2018 *RMB'000* (Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,009	1,953
Land use rights	7	235,054	228,476
Investment properties	8	70,134	68,171
Other non-current assets	9	12,809	10,739
Total non-current assets		320,006	309,339
Current assets			
Deposits, prepayments and other receivables	9	10,597	24,663
Cash and cash equivalents		430	1,397
Total current assets		11,027	26,060
Total assets		**331,033**	**335,399**
EQUITY AND LIABILITIES			
EQUITY			
Combined capital	10	500	500
Other reserves	11	24,530	24,530
Accumulated losses		(1,013)	(11,179)
Total equity		**24,017**	**13,851**
LIABILITIES			
Non-current liabilities			
Other non-current liabilities		1,296	1,296
Total non-current liabilities		1,296	1,296
Current liabilities			
Other payables and accrued expenses	13	4,956	4,490
Borrowings	12	300,764	315,762
Total current liabilities		305,720	320,252
Total liabilities		**307,016**	**321,548**
Total equity and liabilities		**331,033**	**335,399**

CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

	Combined capital *RMB'000* (Unaudited) *(Note 10)*	Other reserves *RMB'000* (Unaudited) *(Note 11)*	Accumulated losses *RMB'000* (Unaudited)	Total equity *RMB'000* (Unaudited)
Period from 2 June 2017 to 31 December 2017				
Balance at 2 June 2017	—	—	—	—
Total comprehensive loss for the period	—	—	(1,013)	(1,013)
Transactions with owners, in their capacity as owners:				
Contribution from owners	500	24,530	—	25,030
Balance at 31 December 2017	500	24,530	(1,013)	24,017
Period from 1 January 2018 to 30 September 2018				
Balance at 1 January 2018	500	24,530	(1,013)	24,017
Total comprehensive loss for the period	—	—	(10,166)	(10,166)
Balance at 30 September 2018	500	24,530	(11,179)	13,851
Period from 2 June 2017 to 30 September 2017				
Balance at 2 June 2017	—	—	—	—
Transactions with owners, in their capacity as owners:				
Contribution from owners	500	—	—	500
Balance at 30 September 2017	500	—	—	500

CONDENSED COMBINED STATEMENT OF CASH FLOWS

	Period from 2 June 2017 to 31 December 2017	Period from 2 June 2017 to 30 September 2017	Nine months ended 30 September 2018
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations	(70)	—	12,917
Net cash (outflow)/inflow from operating activities	(70)	—	12,917
Cash flows from investing activities			
Advances to a related party	—	—	(11,950)
Net cash outflow from investing activities	—	—	(11,950)
Cash flows from financing activities			
Contribution of equity	500	500	—
Net cash inflow from financing activities	500	500	—
Net increase in cash and cash equivalents	430	500	967
Cash and cash equivalents at beginning of the period	—	—	430
Cash and cash equivalents at end of the period	430	500	1,397

NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

1. General information

Besunyen Holdings Company Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 29 September 2010. The Company and its subsidiaries (collectively the "Group") are principally engaged in the manufacturing and sales of therapeutic tea products and slimming and other medicines.

On 31 December 2018, A Li Yun Shan (Beijing) Business Consulting Co., Ltd., an indirect wholly-owned subsidiary of the Company (the "Vendor"), and Tosalco Pte. Ltd. (the "Purchaser") entered into the Equity Transfer Agreement (the "Agreement"). Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% equity interests in Beijing Chang Sheng Business Consulting Co., Ltd. (the "Disposal Company", which is a subsidiary of the Company as established on 18 July 2018) at a cash consideration of approximately RMB555.0 million (the "Proposed Disposal").

The Disposal Company is a vehicle company set up for the purpose of holding the equity investment in Besunyen Property Management Co., Ltd. ("Besunyen Property"), which was established on 2 June 2017 and is the registered owner of a building with 11 storeys aboveground and portion of underground parking space situated at Plaza D, Ling Long Tian Di, No. 160 West 4th Ring North Road, Haidian District, Beijing with a gross floor area of 11,628.21 square meters (the "Besunyen Building").

This condensed combined financial information has been prepared to present the combined financial information of the Disposal Company and Besunyen Property (collectively the "Disposal Group") solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Proposed Disposal (the "Historical Financial Information").

This Historical Financial Information is unaudited and presented in Renminbi ("RMB"), unless otherwise stated.

2. Internal Reorganisation

For the purpose of completing the Proposed Disposal, the Group has completed the following reorganisation steps within the Group subsequent to 30 September 2018 (the "Internal Reorganisation"):

(a) Transferred 60% equity interest in Besunyen Property as previously held by Beijing Outsell Health Product Development Co., Ltd. ("Beijing Outsell"), a wholly-owned subsidiary of the Company, to the Disposal Company on 26 November 2018;

(b) Transferred the remaining 40% equity interest in Besunyen Property as previously held by Beijing Outsell to the Disposal Company on 3 January 2019;

(c) Assigned the borrowings of Besunyen Property of RMB300 million which were previously due to a fellow subsidiary to become borrowings due to the Disposal Company (the "Besunyen Property Borrowings") on 5 January 2019. Resulting from this debt assignment, the Disposal Company become having (i) loans receivable of the same amount due from Besunyen Property; and (ii) borrowings of the same amount due to the fellow subsidiary (the "Disposal Company Borrowings"). On 5 January 2019, the fellow subsidiary has further assigned the Disposal Company Borrowings to become borrowings due to A Li Yun Shan, the immediate holding company, and A Li Yun Shan become having (i) loans receivable of the same amount due from the Disposal Company; and (ii) borrowings of the same amount due to the fellow subsidiary; and

(d) A Li Yun Shan and the Disposal Company have subsequently converted the Disposal Company Borrowings and the Besunyen Property Borrowings to become permanent equity investments in the Disposal Company and Besunyen Property respectively on 9 January 2019.

3. Basis of presentation

The Historical Financial Information include the financial information of the Disposal Company and Besunyen Property on a combined basis as if the structure upon completing of the Internal Reorganisation has been existed from the incorporation date of Besunyen Property. The Disposal Company was incorporated on 18 July 2018 and not yet has any business. Therefore, the Historical Financial Information for the respective periods primarily represent the financial information of Besunyen Property since its establishment on 2 June 2017.

4. Basis of preparation

(a) The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule") and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Proposed Disposal. It does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. It should be read in connection with the annual report of the Company for the year ended 31 December 2017 and the interim report of the Company for the six months ended 30 June 2018.

(b) As at 30 September 2018, the current liabilities of the Disposal Group exceeded its current assets by approximately RMB294,192,000 and the current liabilities of the Disposal Group primarily comprised of borrowings due to a fellow subsidiary of approximately RMB315,762,000 (Note 12). Upon the completion of the Internal Reorganisation as mentioned in Note 2, the aforesaid borrowings have been converted as equity of the Disposal Group and hence no longer be repayable.

Based on the above, the directors of the Company believe that the Disposal Group will be able to continue its operations for the foreseeable future for a period that is not less than 12 months from the end of the reporting period. Accordingly, the directors of the Company have prepared the Historical Financial Information on a going concern basis.

(c) The Historical Financial Information has been prepared in accordance with the accounting policies adopted by the Disposal Group as set out in the annual report of the Company for the year ended 31 December 2017 and the interim report of the Company for the six months ended 30 June 2018. Except as described below, these policies have been consistently applied to all the periods presented.

(i) New and amended standards adopted by the Disposal Group

The following new standards are mandatory for the financial year beginning on 1 January 2018 and are applicable for the Disposal Group:

- International Financial Reporting Standards ("IFRS") 9 "Financial Instruments"; and
- IFRS 15 "Revenue from Contracts with Customers".

The Disposal Group has early adopted the IFRS 3 (Amendments) "Definition of a Business" in this Historical Financial Information.

For details of the adoption of the aforesaid new and amended standards, please refer to Notes 14.

(ii) New standard applicable to the Disposal Group but not early adopted

IFRS 16 "Leases" has been published and is applicable to the Disposal Group but it is not mandatory for the financial year beginning 1 January 2018. The Disposal Group has not early adopted IFRS 16 in this Historical Financial Information.

IFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard is mandatory for financial year commencing on or after 1 January 2019. The Disposal Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in accumulated losses as of 1 January 2019 and that comparatives will not be restated. The Disposal Group is a lessor and no significant impact is identified.

5. Revenue

	Period from 2 June 2017 to 31 December 2017	**Period from 2 June 2017 to 30 September 2017**	**Nine months ended 30 September 2018**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Rental income	1,990	—	17,861

6. Property, plant and equipment

	Building and facilities
	RMB'000
	(Unaudited)
Period from 2 June 2017 to 31 December 2017	
Opening net book amount	—
Addition *(note)*	2,015
Depreciation charge	(6)
Closing net book amount	2,009
As at 31 December 2017	
Cost	2,015
Accumulated depreciation	(6)
Net book amount	2,009
Nine months ended 30 September 2018	
Opening net book amount	2,009
Addition	—
Depreciation charge	(56)
Closing net book amount	1,953
At 30 September 2018	
Cost	2,015
Accumulated depreciation	(62)
Net book amount	1,953

Note:

In November 2017, Beijing Outsell has transferred the Besunyen Building as mentioned in Note 1 together with a loan due to a fellow subsidiary (Note 12) as capital contribution to Besunyen Property (the "Transfer"). The Transfer does not qualify as business combination under the IFRS 3 (Amendments) "Definition of a Business" because substantially all of the fair value of the gross assets as acquired by Besunyen Property is concentrated in a single asset (i.e. the Besunyen Building). Accordingly, the Besunyen Building and the loan due to the fellow subsidiary have been initially recognised by Besunyen Property at their fair values of RMB323,560,000 and RMB299,030,000 respectively.

The Besunyen Building is with a planned gross floor area of 11,628.21 square meters. Out of which, building with gross floor area of 70.69 square meters (with cost amount of approximately RMB2,015,000) has been used by Besunyen Property as its self-occupied office premises and hence has been classified as property, plant and equipment. The remaining portion of the Besunyen Building with gross floor area of 3,165.2 square meters and 8,392.32 square meters (with aggregated cost amount of approximately RMB70,352,000) have been leased out to fellow subsidiaries and independent third parties respectively and hence have been classified as investment properties (Note 8). The land use rights with cost amount of RMB235,785,000 as disclosed in Note 7 represent the prepaid operating lease payments for the land where the Besunyen Building was built.

7. Land use rights

	RMB'000 (Unaudited)
Period from 2 June 2017 to 31 December 2017	
Opening net book amount	—
Addition *(Note 6)*	235,785
Amortisation charge	(731)
Closing net book amount	235,054
At 31 December 2017	
Cost	235,785
Accumulated amortisation	(731)
Net book amount	235,054
Nine months ended 30 September 2018	
Opening net book amount	235,054
Amortisation charge	(6,578)
Closing net book amount	228,476
At 30 September 2018	
Cost	235,785
Accumulated amortisation	(7,309)
Net book amount	228,476

8. Investment properties

	RMB'000 (Unaudited)
Period from 2 June 2017 to 31 December 2017	
Opening net book amount	—
Addition *(Note 6)*	70,352
Depreciation charge	(218)
Closing net book amount	70,134
At 31 December 2017	
Cost	70,352
Accumulated depreciation	(218)
Net book amount	70,134
Nine months ended 30 September 2018	
Opening net book amount	70,134
Depreciation charge	(1,963)
Closing net book amount	68,171
At 30 September 2018	
Cost	70,352
Accumulated depreciation	(2,181)
Net book amount	68,171

9. Deposits, prepayments and other receivables

	As at 31 December 2017 *RMB'000* (Unaudited)	**As at 30 September 2018** *RMB'000* (Unaudited)
Value-added tax recoverable (a)	2,400	2,382
Amounts due from a related party — Beijing Outsell (b)		
— Rental receivable from related parties	561	2,130
— Rental income from third parties collected by Beijing Outsell on behalf of Besunyen Property	6,340	6,905
— Housing deposits collected by Beijing Outsell on behalf of Besunyen Property	1,296	1,296
— Advances to Beijing Outsell	—	11,950
	10,597	24,663

Notes:

(a) The value-added tax recoverable is arisen from the Transfer as described in Note 6. As of 31 December 2017 and 30 September 2018, the estimated portion of the value-added tax recoverable to be utilised within the next 12 months amounted to approximately RMB2,400,000 and RMB2,382,000 respectively. The remaining portion of the value-added tax recoverable as arose from the Transfer, which is estimated to be utilised after 12 months from the respective balance sheet dates amounted to RMB12,809,000 and RMB10,739,000 respectively and have been classified as "other non-current assets" in the condensed combined balance sheet.

(b) The amounts due from the fellow subsidiary, Beijing Outsell, are unsecured, interest free and have no fixed terms of repayment.

10. Combined capital

	As at	
	31 December 2017	**30 September 2018**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Combined capital	500	500

Besunyen Property is a wholly-owned subsidiary as established by Beijing Outsell in June 2017. The combined capital represents the authorised shares of Besunyen Property as fully paid by Beijing Outsell on 27 July 2017.

11. Other reserves

	As at	
	31 December 2017	**30 September 2018**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other reserves	24,530	24,530

As mentioned in Note 6, Beijing Outsell has transferred the Besunyen Building and a loan due to a fellow subsidiary to Besunyen Property in November 2017 and the fair value of which amounted to RMB323,560,000 and RMB299,030,000 respectively. The fair value of the net assets being transferred to Besunyen Property of RMB24,530,000 has been credited to other reserves.

12. Borrowings

As at 31 December 2017 and 30 September 2018, the Disposal Group's borrowings were as follows:

	As at	
	31 December 2017	**30 September 2018**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Included in current liabilities		
Unsecured borrowings from a fellow subsidiary	300,764	315,762

In November 2017, Beijing Outsell transferred a loan due to Beijing Besunyen Trading Co., Ltd., a fellow subsidiary, with carrying amount of RMB300,000,000 to Besunyen Property (Note 6). Besunyen Property has initially recognised the borrowings at the fair value of RMB299,030,000 and subsequently measured the borrowings at amortised costs.

The borrowings are unsecured and were originally repayable on 31 December 2017 (which have been subsequently renewed to be repayable in December 2018). Prior to 31 December 2017, the borrowings were interest bearing at nominal the fixed rate of 3% per annum and the interest rate has been increased to 6.96% per annum with effect from 1 January 2018.

As part of the Internal Reorganisation as mentioned in Note 2(d), the principal of the borrowings of RMB300,000,000 has subsequently been converted as "equity" of the Disposal Group on 9 January 2019.

13. Other payables and accrued expenses

	As at	
	31 December 2017	**30 September 2018**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Advances from customers	4,954	2,933
Taxes and surcharge payable	2	1,448
Others	—	109
	4,956	4,490

14. Changes in accounting policies

(i) New and amended standards adopted by the Disposal Group

The Disposal Group has adopted IFRS 9 and IFRS 15 by using the modified retrospective approach since 1 January 2018, which led to changes in certain of the accounting policies.

IFRS 9

The Disposal Group has assessed the business model and the terms relating to the collection of contractual cash flows applicable to the financial assets held by the Group at the date of initial application of IFRS 9 and concluded that there is no impact on classification of financial assets.

The Disposal Group has revised its impairment methodology according to IFRS 9 for its lease receivable and other receivables. The Disposal Group applies the general model for expected credit losses as prescribed by IFRS 9. The receivables of the Disposal Group primarily comprised of amounts due from related parties with minimal credit risk and hence the revision in the impairment methodology has not resulted in any significant financial impact on the Disposal Group.

IFRS 15

The adoption of IFRS 15 has no material impact on the Historical Financial Information as the rental income of the Disposal Group is not within the scope of IFRS 15.

(ii) Early adoption of standards and impacts of standards and interpretations

The Disposal Group has early adopted IFRS 3 (Amendments) since it is published:

IFRS 3 (Amendments) — Definition of a Business

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendment is effective on or after 1 January 2020 and earlier application is permitted. The Disposal Group has early adopted and choose to apply to transactions retrospectively. The Transfer as described in Note 6 does not qualified as a business combination under the IFRS 3 (Amendments) and is regarded as an asset deal because substantially all of the fair value of gross assets acquired is concentrated in a single asset.

15. Events after balance sheet date

Subsequent to 30 September 2018, the Group has completed certain reorganisation steps which the Disposal Group was being involved (including the capitalisation of the Besunyen Property Borrowings and the Disposal Company Borrowings) and the details of which have been set out in Note 2.

BUSINESS REVIEW AND THE MANAGEMENT DISCUSSIONS AND ANALYSIS

After the Disposal, the Remaining Group will continue to carry out the existing businesses. Set out below is the management discussion and analysis of the Remaining Group for the financial year ended 31 December 2017 and the six months ended 30 June 2018.

Segment Information

The businesses of the Remaining Group are divided into two segments, namely, tea products segment and slimming and other medicines segment. The revenue and profits or losses of each segment of the Remaining Group for the financial year ended 31 December 2017 and the six months ended 30 June 2018 are provided as follows:

	Tea Products Segment	Slimming and Other Medicines Segment
	RMB'000	*RMB'000*
For the financial year ended 31 December 2017		
Revenue	474,001	68,869
Segment Results	86,761	(12,118)
For the six months ended 30 June 2018		
Revenue	139,201	28,468
Segment Results	12,135	(7,329)

For the financial year ended 31 December 2017, the Remaining Group continued to increase its operating efficiency and benefits by increasing its investment in brand building, research and development and food safety, and actively adjusting its business operation mode and marketing strategy, gradually consummated a complete big health industry chain and continued its devotion to OTC chains and terminals. While maintaining the stable development of the Two Teas, the Remaining Group upheld the strategic guideline of "One Focus and Two Dimensions" and released new products such as Besunyen Orlistat Capsules and Mei Yang Yang Glycerol Enema to help develop new drivers to boost the sales growth of the Remaining Group's products.

As modern companies that engage in the production, research and development and sale of drugs, Zhongshan Wanhan and Zhongshan Wanyuan have been communicating and cooperating with a number of domestic and overseas research facilities and higher education institutions for years, and their products have obtained approval for drug production and the new GMP certification. The Remaining Group took advantage of the research and development capacities of Zhongshan Wanhan and Zhongshan Wanyuan, expanded its product lines, continued to reserve new products and consummated the medicine product chains in the pharmaceutical industry. Based on the in-depth analysis of product types, precise function and market positioning of products, series of product positioning solutions have been established. In the slimming drug sector, Besunyen Orlistat Capsules produced by Zhongshan Wanhan were successfully released and welcomed by consumers. Meanwhile, the Remaining Group continued to add slimming products types according to the market demands. Orlistat chewable tablets under development are hoped to become a new domestic form of Orlistat featuring easier intake, lower dose and fewer side effects; the second generation of Orlistat — new Orlistat tablet is also at the research and development stage, with similar weight losing effects as Orlistat Capsules but milder adverse gastrointestinal reactions. Following the further expansion of Orlistat product series, the Remaining Group will gradually realise overall and higher growth in the slimming drug sector.

In the area of e-commerce, the Remaining Group also kept up with consumers' needs and released new products continuously, and six products were launched online in 2017.

For the six months ended 30 June 2018, the Remaining Group continued to reserve new products and consummate the product chains. The Remaining Group also jointly developed a series of products with raw materials suppliers and outsourced processing factories, such as nutritious meal replacement product series, new probiotic formulation, health food and nutritious food supplements.

According to the product strategy of "One Focus and Two Dimensions", the Remaining Group will use the new sales system to further improve management efficiency and support front-line sales personnel, continuously explore OTC chains and terminals, increase efforts in building up its research and development team, and continue its project research and development of new products with effects such as throat clearing, liver caring, nutritious meal replacement and probiotic products while joining force with raw materials suppliers and outsourced processing manufacturers to develop new products with herbal functions. Meanwhile, leveraging on the research and development advantages and product reserves of Zhongshan Wanhan and Zhongshan Wanyuan, the Remaining Group will continue to expand product lines, introduce new products, enhance products competitiveness and consummate its overall position in the big health industry by means of independent research and development as well as outsourced processing.

Liquidity and Capital Resources

For the financial year ended 31 December 2017, the funds and capital expenditures required for the operations of the Remaining Group mainly derived from the cash flow generated from the operating activities and proceeds from the IPO and issue of Shares.

For the six months ended 30 June 2018, the funds and capital expenditures required for the operations of the Remaining Group mainly derived from the cash flows generated from the operating activities and the proceeds from financing.

Cash Flows

For the financial year ended 31 December 2017, cash and cash equivalents recorded a net decrease of RMB74,651,000.

For the six months ended 30 June 2018, cash and cash equivalents recorded a net increase of RMB555,187,000.

Bank Balances, Cash and Bank Loans

Bank balances and cash of the Remaining Group include cash and cash equivalents, bank deposits with initial term of over three months and restricted bank deposits.

The bank balances and cash of the Remaining Group were RMB83.3 million as at 31 December 2017 and RMB641.3 million as at 30 June 2018. In addition, as at 30 June 2018, the bank borrowings of the Remaining Group were RMB150 million.

Capital Expenditure

For the financial year ended 31 December 2017, the capital expenditure of the Remaining Group was RMB30.9 million, mainly including the expenditure on property, plant and equipment and intangible assets.

For the six months ended 30 June 2018, the capital expenditure of the Remaining Group was RMB14.9 million, mainly including the expenditure on construction of plant and purchase of production equipment.

Inventories

The inventories of the Remaining Group include raw materials and packing materials, work-in-progress (semi-manufactured goods) and finished goods. For the financial year ended 31 December 2017, the total amount of the inventories of the Remaining Group was RMB17.7 million. For the six months ended 30 June 2018, the total amount of the inventories of the Remaining Group was RMB22.1 million.

Risks in Foreign Exchange Rate

The vast majority of the operating income, cost of sales and expenses as well as administrative expenses of the Remaining Group are denominated in RMB. Apart from some bank deposits that are denominated in Hong Kong dollar and US dollar, most assets and liabilities of the Remaining Group are denominated in RMB. Since RMB is the functional currency of the Remaining Group, risks in foreign exchange rate mainly come from assets denominated in Hong Kong dollar and US dollar.

For the financial year ended 31 December 2017 and for the six months ended 30 June 2018, the Remaining Group did not purchase any foreign exchange and interest rate derivative products or relevant hedging tools.

Material Acquisition or Disposal

On 10 March 2017 and 25 July 2017, Beijing Outsell entered into the equity transfer agreement and its supplementary agreement with Zhonghang Tuohong and Besunyen Food and Beverage, respectively, 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. 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. For details, please refer to the announcements of the Company dated 10 March 2017 and 25 July 2017.

On 10 March 2017 and 28 July 2017, Beijing Outsell, Zhongshan Wanyuan, Zhongshan Wanhan, Zhuhai Yinchen Investment Consulting Co., Ltd., Zhuhai Jiatai Chengzhang Investment Co., Ltd., Ms. Luo Dongfang, Mr. Zhao Rui, Mr. Zou Yong and Ms. Peng Wei (collectively, the "**Sellers**") entered into an investment agreement (the "**Investment Agreement**") and its supplemental agreement, respectively. Pursuant to the Investment Agreement: (i) Beijing Outsell conditionally agreed to purchase and the Sellers of Zhongshan Wanhan conditionally agreed to sell 39.66% equity interest in Zhongshan Wanhan for a consideration of RMB77,100,000; and (ii) Beijing Outsell conditionally agreed to make capital contribution in cash to each of Zhongshan Wanhan and Zhongshan Wanyuan in the total sum of RMB60,600,000. Pursuant to the supplemental agreement, all the rights and obligations of Beijing Outsell under the Investment Agreement shall be taken over by another subsidiary of the Remaining Group, Besunyen Venture Investment. Upon completion of the Investment Agreement, Besunyen Venture Investment will hold 51% equity interest in each of Zhongshan Wanhan and Zhongshan Wanyuan. This transaction will facilitate the Remaining Group to obtain more comprehensive qualifications in pharmaceutical research and development, manufacture and medical e-commerce, and also lay a good foundation for the Remaining Group's comprehensive layout and development in pharmaceutical industry. For details, please refer to the announcements of the Company dated 10 March 2017 and 28 July 2017.

On 28 July 2017, Besunyen Venture Investment, Kangbaina, Aolixin and their shareholders entered into an investment agreement, pursuant to which: (i) Besunyen Venture Investment agreed to purchase and the shareholders of Kangbaina agreed to sell 100% equity interest in Kangbaina for a total consideration of RMB6,000,000; and (ii) Besunyen Venture Investment agreed to purchase and the shareholders of Aolixin agreed to sell 100% equity interest in Aolixin for a total consideration of RMB1,500,000. Upon completion of the transactions, Kangbaina and Aolixin will become indirect wholly-owned subsidiaries of the Company. For details, please refer to the announcement of the Company dated 28 July 2017.

Save as disclosed above, the Remaining Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures for the financial year ended 31 December 2017.

For the six months ended 30 June 2018, the Remaining Group had no material acquisition or disposal of subsidiaries, associates and joint venture.

Significant Investments Held and Future Plans for Material Investments or Additions of Capital Assets

Yuanyuan Liuchang Fund, a company with a total committed capital contribution of RMB100 million, is owned by the Remaining Group with 89% of its shares. It mainly focuses on investment projects in the healthcare industry, TMT (technology, media and telecommunications) industry and consumer industry, as well as investment in several early stage partnership enterprises. For the financial year ended 31 December 2017, the Remaining Group injected capital of RMB19.6 million to Yuanyuan Liuchang Fund, and Yuanyuan Liuchang Fund made an investment in an internet health project, amounting to RMB20.0 million in total. For the six months ended 30 June 2018, Yuanyuan Liuchang Fund made no investment in any new project.

Save as disclosed above, there were no other significant investments held by the Remaining Group for the financial year ended 31 December 2017 and the six months ended 30 June 2018.

Save as disclosed in this circular, as at the Latest Practicable Date, there was no plan of the Remaining Group for other material investments or additions of capital assets.

Pledge of Assets

For the financial year ended 31 December 2017, Zhongshan Wanyuan, a subsidiary of the Remaining Group, has pledged its land use right with a carrying value of RMB19.4 million to Huoju Development District branch of Zhongshan Rural Commercial Bank Co., Ltd. as the security of a bank borrowing of RMB20.0 million granted to Zhongshan Wanhan, a subsidiary of the Remaining Group.

For the six months ended 30 June 2018, the Remaining Group received certain bank borrowings of RMB120.0 million, through pledging properties with net book value of RMB90.2 million and land use rights with net book value of RMB25.1 million with banks and guarantee companies.

Gearing Ratio

For the financial year ended 31 December 2017, the Remaining Group's gearing ratio (total liabilities divided by total assets, in percentage) was 17.79%.

For the six months ended 30 June 2018, the Remaining Group's gearing ratio (total liabilities divided by total assets, in percentage) was 18.98%.

Contingent Liabilities and Guarantees

As of 31 December 2017, the Remaining Group had no material contingent liabilities or guarantees.

As of 30 June 2018, the Remaining Group had no material contingent liabilities or guarantees.

Capital Commitments

For the financial year ended 31 December 2017, the capital expenditure of the Remaining Group on property, plant and equipment contracted for but not yet incurred was RMB12.7 million.

For the six months ended 30 June 2018, the capital expenditure of the Remaining Group on property, plant and equipment contracted for but not yet incurred was RMB9.6 million.

Human Resources Management

For the financial year ended 31 December 2017, the Remaining Group had 1,020 employees in the PRC mainland and Hong Kong, which included 25 promotional staff employed by employment agents. The staff costs (including remunerations of the Directors and non-cash expenditure paid in shares) were RMB161.7 million.

For the six months ended 30 June 2018, the Remaining Group had 1,117 employees in the PRC mainland and Hong Kong, which included 22 promotional staff employed by employment agents. The staff costs (including remunerations of the Directors) were RMB69.2 million.

Employee remuneration of the Remaining Group is determined with reference to individual performance, work experience, qualification and current industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also include discretionary bonus and share options.

The Remaining Group places emphasis on the recruitment, motivation and retention of suitable talents. Directors and some of the senior and middle management executives enjoy share options under the pre-IPO share option scheme and the share option scheme adopted by the Company on 30 April 2010 and 8 September 2010, respectively, which are to motivate staff, to encourage them to work hard to enhance the value and foster better long-term development of the Remaining Group. The Company has also adopted a restricted share award scheme to grant restricted shares to eligible employees.

The Remaining Group invests considerable efforts in the continuous education and training of our staff, so as to keep enhancing the knowledge, skill and team spirit of our staff. The Remaining Group often provides internal and external training courses to relevant staff as required.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is an illustrative unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group (the "Unaudited Pro Forma Financial Information"), which have been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Disposal as if it had taken place on 30 June 2018 for the unaudited pro forma consolidated balance sheet and 1 January 2018 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Disposal been completed as at 30 June 2018 for the financial position or 1 January 2018 for the financial results and cash flows or at any future date.

Unaudited pro forma consolidated balance sheet

	Condensed consolidated balance sheet of the Group as at 30 June 2018 (Unaudited)	Pro forma adjustments					Pro forma consolidated balance sheet of the Remaining Group as at 30 June 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2(a))*	*(Note 2(b))*	*(Note 2(c))*	*(Note 2(c))*	*(Note 2(c))*	
ASSETS							
Non-current assets							
Property, plant and equipment	240,290	(1,971)	(26,421)	1,031			212,929
Land use rights	341,294	(230,669)		7,990			118,615
Investment properties	170,094	(68,825)	26,421	5,446			133,136
Intangible assets	193,252						193,252
Non-current deposits	9,948						9,948
Investments accounted for using the equity method	89,730						89,730
Deferred income tax assets	62,894				(31,906)		30,988
Other non-current assets	—	(11,500)		11,500		1,818	1,818
Total non-current assets	1,107,502						790,416
Current assets							
Inventories	22,121						22,121
Trade and bills receivables	39,855						39,855
Deposits, prepayments and other receivables	46,600	(20,118)	(1,224)	3,908	17,432		46,598
Restricted bank deposits	2						2
Term deposits with initial term of over three months	4,191						4,191
Cash and cash equivalents	98,821	(66)			(14,853)	553,182	637,084
	211,590						749,851
Assets classified as held for sale	96,396						96,396
Total current assets	307,986						846,247
Total assets	1,415,488						1,636,663

	Condensed consolidated balance sheet of the Group as at 30 June 2018 (Unaudited)	Pro forma adjustments					Pro forma consolidated balance sheet of the Remaining Group as at 30 June 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2(a))*	*(Note 2(b))*	*(Note 2(c))*	*(Note 2(c))*	*(Note 2(c))*	
EQUITY AND LIABILITIES							
Equity attributed to owners of the company							
Share capital	94						94
Share premium	1,120,685						1,120,685
Other reserves	322,090						322,090
Accumulated losses	(409,786)					212,539	(197,247)
	1,033,083						1,245,622
Non-controlling interests	80,369						80,369
Total equity	1,113,452						1,325,991
LIABILITIES							
Non-current liabilities							
Deferred government grants	20,398						20,398
Deferred income tax liabilities	38,671						38,671
Other non-current liabilities	1,296	(1,296)				6,845	6,845
	60,365						65,914
Current liabilities							
Trade and bills payables	5,501						5,501
Other payables and accrued expenses	51,166	(3,515)	(1,224)			3,422	49,849
Contract liabilities	27,464						27,464
Borrowings	150,000	(310,542)			10,542	300,000	150,000
Current income tax liabilities	174				4,404		4,578
	234,305						237,392
Liabilities directly associated with assets classified as held for sale	7,366						7,366
Total current liabilities	241,671						244,758
Total liabilities	302,036						310,672
Total equity and liabilities	1,415,488						1,636,663

Unaudited pro forma consolidated statement of comprehensive income

	Condensed consolidated statement of comprehensive income of the Group for the six months ended 30 June 2018 (Unaudited)	Pro forma adjustments					Pro forma consolidated statement of comprehensive income of the Remaining Group for the six months ended 30 June 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	*(Note 3(c))*	*(Note 3(c))*	*(Note 3(d))*	
Revenue	167,669	(11,901)	11,901				167,669
Cost of sales of goods	(46,088)	5,694	(5,694)				(46,088)
Gross profit	121,581						121,581
Other income	12,360		(8,861)				3,499
Selling and marketing expenses	(105,200)						(105,200)
Administrative expenses	(51,591)	1,990	1,409	(14,853)		1,827	(61,218)
Research and development costs	(11,575)						(11,575)
Other expenses	(3,760)		2,664				(1,096)
Other gains, net	2,411				259,593		262,004
Finance costs	(2,856)	10,437	(10,437)				(2,856)
Share of losses of investments accounted for using the equity method	(4,329)						(4,329)
(Loss)/income before income tax	(42,959)						200,810
Income tax credits	14,087				(35,633)	274	(21,272)
(Loss)/income for the period	(28,872)						179,538
Total comprehensive (loss)/income for the period	(28,872)						179,538

Unaudited pro forma consolidated statement of cash flows

	Condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2018 (Unaudited)	Pro forma adjustments				Pro forma consolidated statement of cash flow of the Remaining Group for the six months ended 30 June 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(c))*	*(Note 3(c))*	*(Note 3(d))*	
Cash flows from operating activities						
Cash used in operations	(94,444)	(8,849)			(5,356)	(108,649)
Income tax paid	(560)					(560)
Interest received	122					122
Net cash outflow from operating activities	(94,882)					(109,087)
Cash flows from investing activities						
Purchases of short-term investments	(64,050)					(64,050)
Proceeds from maturity of short-term investments	64,329					64,329
Increase in term deposits with initial term of over three months	(6)					(6)
Withdrawal of pledged bank deposits	296					296
Purchases of property, plant and equipment	(14,670)					(14,670)
Distribution from a joint venture	2,053					2,053
Advances from the Target Group	—	9,214				9,214
Proceeds from disposals of subsidiaries	—		555,000	(14,853)		540,147
Net cash (outflow)/inflow from investing activities	(12,048)					537,313
Cash flows from financing activities						
Proceeds from borrowings	130,000					130,000
Bank loan interest and other finance costs paid	(4,735)					(4,735)
Net cash inflow financing activities	125,265					125,265
Net increase in cash and cash equivalents	18,335	365	555,000	(14,853)	(5,356)	553,491
Cash and cash equivalents at beginning of the period	78,790	430				79,220
Effects of exchange rate changes on cash and cash equivalents	1,696					1,696
Cash and cash equivalents at end of the period	98,821					634,407

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The amounts are extracted from the unaudited condensed consolidated balance sheet as at 30 June 2018, the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the six months then ended as set out in the published interim report of the Group for the six months ended 30 June 2018.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet, assuming the Disposal had taken place on 30 June 2018:

   (a) The adjustments represent the de-recognition of assets and liabilities of the Target Group as at 30 June 2018, assuming the Disposal had taken place on 30 June 2018. The assets and liabilities of the Target Group are extracted from the unaudited condensed combined balance sheet of the Target Group as at 30 June 2018.

   (b) The adjustments represent items need to be reclassified for presentation consistency between the Remaining Group and the Target Group.

   (c) The adjustments represent the estimated gain on disposal assuming the Disposal had taken place on 30 June 2018 and is calculated as follows:

		RMB'000
Consideration	Note (i)	555,000
Less: Net assets of the Target Group as at 30 June 2018	Note (ii)	(281,031)
Estimated transaction costs attributable to the Disposal	Note (vii)	(14,020)
Estimated stamp duty in relation to the Disposal	Note (viii)	(833)
Estimated income tax in relation to the gain on the Disposal calculated at the applicable tax rate	Note (ix)	(36,310)
Deferral of net gain resulted from sales and leaseback	Note (x)	(10,267)
Estimated net gain on disposal		212,539

Notes:

(i) Pursuant to the Equity Transfer Agreement, the consideration for the Disposal is RMB555 million. Within five business days of the date of the Closing, the Vendor shall prepare a balance sheet as at the date of the Closing of the Target Company. As mentioned in the sub-section headed "Adjustment of Consideration" of the letter from the Board in this Circular, the consideration payable shall be adjusted if any of the adjusting events occurs and causes the variation between the balance sheet of the Target Company as at the Closing and the projected balance sheet of the Target Company as at 28 February 2019 (the expected date of Closing) to exceed RMB50,000.

(ii) Net assets of the Target Group as at 30 June 2018 is determined as follows:

		RMB'000
Carrying amount of net assets of the Target Group attributable to owners of the Target Company as at 30 June 2018	Note (iii)	17,796
Capitalisation of intercompany loan of the Target Group due to a fellow subsidiary of the Group to equity as at 30 June 2018	Note (iv)	300,000
Reversal of fair value adjustment resulted from the shareholder's contribution at consolidation level	Note (v)	(29,875)
Waiver of intercompany balance of the Target Group due from the Group as at 30 June 2018	Note (vi)	(6,890)
Net assets of the Target Group as at 30 June 2018		281,031

(iii) The amount represents the carrying amount of net assets of the Target Group attributable to owners of the Target Company as at 30 June 2018, which is extracted from the unaudited condensed combined balance sheet of the Target Group as at 30 June 2018.

(iv) Pursuant to the sub-section headed "Internal Reorganisation" of the letter from the Board in this Circular, debt payable of RMB300 million of Besunyen Property due to the Target Company shall have been converted to equity interests held by the Target Company in Besunyen Property.

(v) In November 2017, Beijing Outsell has transferred the Besunyen Building to Besunyen Property at fair value of RMB323,560,000. This adjustment represents the reversal of the fair value adjustment at consolidation level upon the completion of the Disposal.

(vi) Pursuant to the sub-section headed "Conditions Precedent to Closing" of the letter from the Board in this Circular, the intercompany balance of the Target Group due from the Group will be waived before the Completion.

(vii) The estimated transaction costs attributable to the Disposal represents costs and expenses directly incurred for the Disposal of RMB14.0 million which will be borne by the Group and are assumed to be settled in cash.

(viii) The estimated stamp duty in relation to the Proposed Disposal represents the stamp duty in the People's Republic of China (the "PRC") stamp tax of RMB832,500, which is calculated based on a tax rate of 0.05% and the consideration of RMB555 million.

(ix) Estimated income tax in relation to the gain on the Disposal represents the PRC enterprise income tax, which is calculated based on a tax rate of 15% and estimated taxable disposal gain arising from the transfer of equity interest in the Target Company.

(x) Pursuant to the Equity Transfer Agreement, the Group entered into a property lease contract ("Property Lease Contract") with the Target Group in respect of the Levels 10 and 11 of the Besunyen Building (the "Leaseback"). A portion of the gain on the Disposal of RMB10,267,000 should be deferred under International Accounting Standard ("IAS") 17 "Leases", due to the consideration exceeding the fair value of the Besunyen Building.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Group has applied IAS17 "Leases" in accounting the Leaseback arrangement. Effective from 1 January 2019, the Group will adopt International Financial Reporting Standard ("IFRS") 16 "Leases" in accounting leases transaction. IFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all operating leases will be accounted for in the Group's balance sheet and the change of sales and leaseback transaction is relevant to the Group.

For a sales and leaseback transaction, under IFRS 16, the financial impact on the Remaining Group by contrast to IAS 17 would mainly include: (1) additional net liabilities of RMB27,155,000 is to be recognised; and (2) additional gain of approximately RMB2,924,000 is to be deferred over the three year lease term pursuant to the Property Lease Contract.

As a result of the adoption of IFRS 16 at the Closing Date, the final amount of value of net assets of the Target Group and the estimated gain on the Disposal may be different from the amounts presented above.

(d) Apart from note above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2018 for the purpose of preparation of the unaudited pro forma consolidated balance sheet of the Remaining Group.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Disposal had taken place on 1 January 2018:

(a) The adjustments represent the exclusion of the results and cash flows of the Target Group for the six months ended 30 June 2018, assuming the Disposal had taken place on 1 January 2018. The statement of comprehensive income and cash flows of the Disposal Group are extracted from the unaudited condensed combined statement of comprehensive income and cash flows from the six months ended 30 June 2018.

(b) The adjustments represent items need to be eliminated of transactions between the Remaining Group and the Target Group and items need to be reclassified for presentation consistency between the Remaining Group and the Target Group.

(c) The adjustments represents the estimated gain on disposal assuming the Disposal had taken place on 1 January 2018 and is calculated as follows:

		RMB'000
Consideration	Note 2(c)(i)	555,000
Less: Net assets of the Target Group as at 1 January 2018	Note (i)	(285,140)
Estimated transaction costs attributable to the Disposal	Note 2(c)(vii)	(14,020)
Estimated stamp duty in relation to the Disposal	Note 2(c)(viii)	(833)
Estimated income tax in relation to the gain on the Disposal calculated at the applicable tax rate	Note 2(c)(ix)	(35,633)
Deferral of net gain resulted from sales and leaseback	Note 2(c)(x)	(10,267)
Estimated gain on disposal		209,107

(i) Net assets of the Target Group as at 1 January 2018 is determined as follows:

		RMB'000
Carrying amount of net assets of the Target Group attributable to owners of the Target Company as at 1 January 2018	Note (ii)	24,018
Capitalisation of intercompany loan owed by the Target Group due to a fellow subsidiary of the Group to equity as at 1 January 2018	Note 2(c)(iv)	300,000
Reversal of fair value adjustment resulted from the shareholder's contribution at consolidation level	Note 2(c)(v)	(31,496)
Waiver of intercompany balance of the Target Group due from the Group as at 1 January 2018	Note 2(c)(vi)	(7,382)
Net assets of the Target Group as at 1 January 2018		285,140

(ii) The amount represents the carrying amount of net assets of the Target Group attributable to owners of the Target Company as at 1 January 2018, which is extracted from the unaudited condensed combined balance sheet of the Target Group as at 1 January 2018.

(d) The amounts include: 1) the rent and management fee which will be paid by the Group according to the terms set out in the Property Lease Contract described in sub-section headed "Reasons for and benefits of the Disposal" of the letter from the Board in this circular; 2) amortisation of the deferred gains as described in Note 2(c)(x); and 3) the corresponding income tax borne by the Group.

As mentioned in Note 2(c)(x) above, the Group will adopt IFRS 16 with effective from 1 January 2019. The Group would initially recognise a right-of-use asset as the proportion of the previous carrying amount that reflects the right of use retained. Assuming the Disposal had taken place on 1 January 2018, the financial impact on the Remaining Group by contrast to IAS17 would mainly include: (1) additional net liabilities of RMB26,210,000 is to be recognised; and (2) additional gain of approximately RMB2,822,000 is to be deferred over the three year lease term pursuant to the Property Lease Contract.

As a result of the adoption of IFRS 16 at the Closing Date, the final amount of value of net assets of the Target Group and the estimated gain on the Disposal may be different from the amounts presented above.

(e) Apart from note above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2018 for the purpose of preparation of the unaudited pro forma consolidated statement of comprehensive income of the Remaining Group and the unaudited pro forma consolidated statement of cash flows of the Remaining Group. In particular, the Unaudited Pro Forma Financial Information has not taken into account the disposal of 100% equity interest in Besunyen Food and Beverage as disclosed in the announcement of the Company dated 31 December 2018.

(f) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

4. Since the net assets value of the Target Group at the Closing Date and the Remaining Group prior to the Closing may be different from the amounts used in the Unaudited Pro Forma Financial Information of the Remaining Group, the final amounts of value of net assets of the Target Group, and the estimated gain on the Disposal may be different from the amounts presented above.

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

pwc

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Besunyen Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Besunyen Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") excluding Beijing Chang Sheng Business Consulting Co., Ltd. and its subsidiary (the "Target Group") (collectively the "Remaining Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 30 June 2018, the unaudited pro forma consolidated statement of comprehensive income for the six months ended 30 June 2018, the unaudited pro forma consolidated statement of cash flows for the six months ended 30 June 2018, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 41 to 50 of the Company's circular dated 4 February 2019, in connection with the proposed disposal of the Target Group (the "Disposal") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 41 to 50.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Disposal on the Group's financial position as at 30 June 2018 and the Group's financial performance and cash flows for the six months ended 30 June 2018 as if the Disposal had taken place at 30 June 2018 and 1 January 2018 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2018, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

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 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.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2018 and 1 January 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 4 February 2019

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer, in connection with its valuation as at 30 November 2018 of the property interests of the Group.

CONSULTING & APPRAISAL
亚太評估

Asia-Pacific Consulting and Appraisal Limited
Room 1907, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay

4 February 2019

The Board of Directors
Besunyen Holdings Company Limited
The Grand Pavilion Commercial Centre Oleander Way,
802 West Bay Road
P.O. Box 32052
Grand Cayman KY1-1208
Cayman Islands

Dear Sirs,

Instructions, Purpose and Date of Valuation

Asia-Pacific Consulting and Appraisal Limited ("**APA**" or "**we**") is instructed by Besunyen Holdings Company Limited (the "**Company**") to provide valuation service on one property located in Beijing of the People's Republic of China (the "**PRC**") for disclosure purpose. The property is held by Beijing Besunyen Property Management Co., Ltd. (北京碧生源物業管理有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the property interests as at 30 November 2018 (the "**valuation date**").

Basis of Valuation

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Methods of Valuation

We have adopted the income approach in our valuation by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate.

The formula is as follows:

$$P = \frac{A}{r} \left[1 - \frac{1}{(1 + r)^n}\right]$$

Where:
P — Present value (term value and reversionary value)
A — Annuity (net rental income or reversionary income, please refer to note 3a)
r — Capitalization rate (i.e. market yield, please refer to note 3b)
n — Period of investment return (i.e. residual term, please refer to note 3d)

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation (including Land Appreciation Tax) which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Due to the specific situation, the property interests have been valued based on the special assumptions as set out in the footnotes of valuation certificates.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have had no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and other title documents relating to the property interests and have made relevant enquiries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. We have relied to a very considerable extent on the information given by the Company, and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 25 October 2018 by Ms. Alice Dong who has 14 years' experience in property valuation in the PRC.

Currency

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng
MRICS
Executive Director

Note: David G.D. Cheng is a Member of Royal Institution of Chartered Surveyor who has 18 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Completed Properties held for owner occupation by the Group in the PRC

Group II: Completed Properties held for investment by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date *RMB*	Market value in existing state as at the valuation date *RMB*	The total market value in existing state as at the valuation date *RMB*
		Group I:	**Group II:**	**Total of the property:**
1.	Floor 1–11 and portion of underground floor of Block D of Linglong Tiandi located in No. 160 West 4th Ring Road North, Haidian District, Beijing, The PRC	106,000,000	374,000,000	480,000,000
	Total:	106,000,000	374,000,000	480,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
1.	Floor 1–11 and portion of underground floor of Block D of Linglong Tiandi located in No. 160 West 4th Ring Road North, Haidian District, Beijing, The PRC	Block D of Linglong Tiandi was completed in 2011. The locality is well served with public transportation, close to Haidian Wuluju Station Beijing subway line No. 6. The property comprises 2 parts: (1) a commercial unit at floor 1, various office units at floor 10–11 and 22 car parking spaces at ground floor with a total gross floor area of about 3,235.89 sq.m. (categorized as Group I) and (2) various commercial units at floor 1–2, various office units at floor 3–9 and a car parking spaces at ground floor with a total gross floor area of about 8,392.32 sq.m. (categorized as Group II)	The property currently rented to various tenants for retail, office and car parking spaces purposes except for an office unit with a lettable area of approximately 70.69 sq.m., which is occupied by Beijing Besunyen Property Management Co., Ltd. for office purposes.	480,000,000

Notes:

1. Pursuant to 124 Real Estate Title Certificates (for buildings only), the property with a total gross floor area of approximately 11,628.21 sq.m. are owned by Beijing Besunyen Property Management Co., Ltd.

   Details of the Real Estate Title Certificates are listed as follows:

No.	Unit No.	Certificate No.	Usage	GFA *(Sq.m.)*
1	106	Jing (2017) Hai Bu Dong Chan Quan Di 0052620 Hao	Retail	864.49
2	206	Jing (2017) Hai Bu Dong Chan Quan Di 0057296 Hao	Retail	1,239.8
3	330	Jing (2017) Hai Bu Dong Chan Quan Di 0056171 Hao	Office	115.61
4	331	Jing (2017) Hai Bu Dong Chan Quan Di 0056159 Hao	Office	114.51
5	332	Jing (2017) Hai Bu Dong Chan Quan Di 0056162 Hao	Office	110.69
6	333	Jing (2017) Hai Bu Dong Chan Quan Di 0057597 Hao	Office	104.89
7	335	Jing (2017) Hai Bu Dong Chan Quan Di 0056356 Hao	Office	57.51
8	336	Jing (2017) Hai Bu Dong Chan Quan Di 0056364 Hao	Office	79.48

No.	Unit No.	Certificate No.	Usage	GFA (Sq.m.)
9	337	Jing (2017) Hai Bu Dong Chan Quan Di 0056351 Hao	Office	77.11
10	338	Jing (2017) Hai Bu Dong Chan Quan Di 0056352 Hao	Office	77.11
11	339	Jing (2017) Hai Bu Dong Chan Quan Di 0056164 Hao	Office	77.11
12	340	Jing (2017) Hai Bu Dong Chan Quan Di 0057288 Hao	Office	77.11
13	341	Jing (2017) Hai Bu Dong Chan Quan Di 0056395 Hao	Office	76.68
14	430	Jing (2017) Hai Bu Dong Chan Quan Di 0057286 Hao	Office	107.34
15	431	Jing (2017) Hai Bu Dong Chan Quan Di 0056169 Hao	Office	106.36
16	432	Jing (2017) Hai Bu Dong Chan Quan Di 0056346 Hao	Office	106.03
17	433	Jing (2017) Hai Bu Dong Chan Quan Di 0056438 Hao	Office	100.47
18	435	Jing (2017) Hai Bu Dong Chan Quan Di 0056427 Hao	Office	55.09
19	436	Jing (2017) Hai Bu Dong Chan Quan Di 0056423 Hao	Office	76.13
20	437	Jing (2017) Hai Bu Dong Chan Quan Di 0056432 Hao	Office	73.86
21	438	Jing (2017) Hai Bu Dong Chan Quan Di 0056366 Hao	Office	73.86
22	439	Jing (2017) Hai Bu Dong Chan Quan Di 0056358 Hao	Office	73.86
23	440	Jing (2017) Hai Bu Dong Chan Quan Di 0056418 Hao	Office	73.86
24	441	Jing (2017) Hai Bu Dong Chan Quan Di 0056420 Hao	Office	73.45
25	527	Jing (2017) Hai Bu Dong Chan Quan Di 0056413 Hao	Office	108.69
26	528	Jing (2017) Hai Bu Dong Chan Quan Di 0056416 Hao	Office	107.7
27	529	Jing (2017) Hai Bu Dong Chan Quan Di 0056429 Hao	Office	107.37
28	530	Jing (2017) Hai Bu Dong Chan Quan Di 0056410 Hao	Office	101.74
29	531	Jing (2017) Hai Bu Dong Chan Quan Di 0056403 Hao	Office	55.79
30	532	Jing (2017) Hai Bu Dong Chan Quan Di 0056398 Hao	Office	77.09
31	533	Jing (2017) Hai Bu Dong Chan Quan Di 0056436 Hao	Office	74.79
32	535	Jing (2017) Hai Bu Dong Chan Quan Di 0056362 Hao	Office	74.79
33	536	Jing (2017) Hai Bu Dong Chan Quan Di 0056380 Hao	Office	74.79

No.	Unit No.	Certificate No.	Usage	GFA (Sq.m.)
34	537	Jing (2017) Hai Bu Dong Chan Quan Di 0056373 Hao	Office	74.79
35	538	Jing (2017) Hai Bu Dong Chan Quan Di 0056370 Hao	Office	74.38
36	627	Jing (2017) Hai Bu Dong Chan Quan Di 0056376 Hao	Office	108.69
37	628	Jing (2017) Hai Bu Dong Chan Quan Di 0056391 Hao	Office	107.7
38	629	Jing (2017) Hai Bu Dong Chan Quan Di 0056382 Hao	Office	107.37
39	630	Jing (2017) Hai Bu Dong Chan Quan Di 0056357 Hao	Office	101.74
40	631	Jing (2017) Hai Bu Dong Chan Quan Di 0056394 Hao	Office	55.78
41	632	Jing (2017) Hai Bu Dong Chan Quan Di 0056414 Hao	Office	77.09
42	633	Jing (2017) Hai Bu Dong Chan Quan Di 0056405 Hao	Office	74.79
43	635	Jing (2017) Hai Bu Dong Chan Quan Di 0056350 Hao	Office	74.79
44	636	Jing (2017) Hai Bu Dong Chan Quan Di 0056412 Hao	Office	74.79
45	637	Jing (2017) Hai Bu Dong Chan Quan Di 0056353 Hao	Office	74.79
46	638	Jing (2017) Hai Bu Dong Chan Quan Di 0056411 Hao	Office	74.38
47	727	Jing (2017) Hai Bu Dong Chan Quan Di 0056388 Hao	Office	108.69
48	728	Jing (2017) Hai Bu Dong Chan Quan Di 0056126 Hao	Office	107.7
49	729	Jing (2017) Hai Bu Dong Chan Quan Di 0056131 Hao	Office	107.37
50	730	Jing (2017) Hai Bu Dong Chan Quan Di 0056122 Hao	Office	101.74
51	731	Jing (2017) Hai Bu Dong Chan Quan Di 0056130 Hao	Office	55.78
52	732	Jing (2017) Hai Bu Dong Chan Quan Di 0056129 Hao	Office	77.09
53	733	Jing (2017) Hai Bu Dong Chan Quan Di 0056372 Hao	Office	74.79
54	735	Jing (2017) Hai Bu Dong Chan Quan Di 0056347 Hao	Office	74.79
55	736	Jing (2017) Hai Bu Dong Chan Quan Di 0056378 Hao	Office	74.79
56	737	Jing (2017) Hai Bu Dong Chan Quan Di 0056374 Hao	Office	74.79
57	738	Jing (2017) Hai Bu Dong Chan Quan Di 0056128 Hao	Office	74.38
58	827	Jing (2017) Hai Bu Dong Chan Quan Di 0058308 Hao	Office	108.69
59	828	Jing (2017) Hai Bu Dong Chan Quan Di 0056127 Hao	Office	107.7

No.	Unit No.	Certificate No.	Usage	GFA *(Sq.m.)*
60	829	Jing (2017) Hai Bu Dong Chan Quan Di 0056121 Hao	Office	107.37
61	830	Jing (2017) Hai Bu Dong Chan Quan Di 0056120 Hao	Office	101.74
62	831	Jing (2017) Hai Bu Dong Chan Quan Di 0056371 Hao	Office	55.78
63	832	Jing (2017) Hai Bu Dong Chan Quan Di 0056182 Hao	Office	77.09
64	833	Jing (2017) Hai Bu Dong Chan Quan Di 0056175 Hao	Office	74.79
65	835	Jing (2017) Hai Bu Dong Chan Quan Di 0056428 Hao	Office	74.79
66	836	Jing (2017) Hai Bu Dong Chan Quan Di 0056421 Hao	Office	74.79
67	837	Jing (2017) Hai Bu Dong Chan Quan Di 0056437 Hao	Office	74.79
68	838	Jing (2017) Hai Bu Dong Chan Quan Di 0056174 Hao	Office	74.38
69	927	Jing (2017) Hai Bu Dong Chan Quan Di 0056367 Hao	Office	108.66
70	928	Jing (2017) Hai Bu Dong Chan Quan Di 0056386 Hao	Office	107.66
71	929	Jing (2017) Hai Bu Dong Chan Quan Di 0056434 Hao	Office	107.33
72	930	Jing (2017) Hai Bu Dong Chan Quan Di 0056193 Hao	Office	101.71
73	931	Jing (2017) Hai Bu Dong Chan Quan Di 0056379 Hao	Office	55.77
74	932	Jing (2017) Hai Bu Dong Chan Quan Di 0056383 Hao	Office	77.07
75	933	Jing (2017) Hai Bu Dong Chan Quan Di 0056359 Hao	Office	74.77
76	935	Jing (2017) Hai Bu Dong Chan Quan Di 0056192 Hao	Office	74.77
77	936	Jing (2017) Hai Bu Dong Chan Quan Di 0056431 Hao	Office	74.77
78	937	Jing (2017) Hai Bu Dong Chan Quan Di 0056390 Hao	Office	74.77
79	938	Jing (2017) Hai Bu Dong Chan Quan Di 0056396 Hao	Office	74.36
80	1007	Jing (2017) Hai Bu Dong Chan Quan Di 0056399 Hao	Office	124.97
81	1008	Jing (2017) Hai Bu Dong Chan Quan Di 0056402 Hao	Office	101.7
82	1009	Jing (2017) Hai Bu Dong Chan Quan Di 0056404 Hao	Office	101.38
83	1010	Jing (2017) Hai Bu Dong Chan Quan Di 0056408 Hao	Office	96.07
84	1011	Jing (2017) Hai Bu Dong Chan Quan Di 0056430 Hao	Office	98.62
85	1012	Jing (2017) Hai Bu Dong Chan Quan Di 0056392 Hao	Office	112.58

No.	Unit No.	Certificate No.	Usage	GFA *(Sq.m.)*
86	1015	Jing (2017) Hai Bu Dong Chan Quan Di 0057291 Hao	Office	70.62
87	1016	Jing (2017) Hai Bu Dong Chan Quan Di 0056381 Hao	Office	70.62
88	1017	Jing (2017) Hai Bu Dong Chan Quan Di 0056321 Hao	Office	70.62
89	1018	Jing (2017) Hai Bu Dong Chan Quan Di 0056355 Hao	Office	70.62
90	1019	Jing (2017) Hai Bu Dong Chan Quan Di 0057629 Hao	Office	72.95
91	1107	Jing (2017) Hai Bu Dong Chan Quan Di 0056393 Hao	Office	127.62
92	1108	Jing (2017) Hai Bu Dong Chan Quan Di 0056385 Hao	Office	101.79
93	1110	Jing (2017) Hai Bu Dong Chan Quan Di 0057297 Hao	Office	101.48
94	1111	Jing (2017) Hai Bu Dong Chan Quan Di 0057287 Hao	Office	96.16
95	1112	Jing (2017) Hai Bu Dong Chan Quan Di 0057292 Hao	Office	98.71
96	1115	Jing (2017) Hai Bu Dong Chan Quan Di 0057289 Hao	Office	112.69
97	1116	Jing (2017) Hai Bu Dong Chan Quan Di 0057298 Hao	Office	70.69
98	1117	Jing (2017) Hai Bu Dong Chan Quan Di 0057299 Hao	Office	70.69
99	1118	Jing (2017) Hai Bu Dong Chan Quan Di 0057290 Hao	Office	70.69
100	1119	Jing (2017) Hai Bu Dong Chan Quan Di 0056365 Hao	Office	70.69
101	1109	Jing (2017) Hai Bu Dong Chan Quan Di 0057300 Hao	Office	73.02
102	–1108	Jing (2017) Hai Bu Dong Chan Quan Di 0056387 Hao	Car parking spaces	43.11
103	–1109	Jing (2017) Hai Bu Dong Chan Quan Di 0056389 Hao	Car parking spaces	43.11
104	–1107	Jing (2017) Hai Bu Dong Chan Quan Di 0056397 Hao	Car parking spaces	43.11
105	–1103	Jing (2017) Hai Bu Dong Chan Quan Di 0056348 Hao	Car parking spaces	43.11
106	–1105	Jing (2017) Hai Bu Dong Chan Quan Di 0056400 Hao	Car parking spaces	43.11
107	–1106	Jing (2017) Hai Bu Dong Chan Quan Di 0056361 Hao	Car parking spaces	43.11

No.	Unit No.	Certificate No.	Usage	GFA (*Sq.m.*)
108	–1198	Jing (2017) Hai Bu Dong Chan Quan Di 0056415 Hao	Car parking spaces	43.11
109	–1199	Jing (2017) Hai Bu Dong Chan Quan Di 0058317 Hao	Car parking spaces	43.11
110	–1200	Jing (2017) Hai Bu Dong Chan Quan Di 0056377 Hao	Car parking spaces	43.11
111	–1201	Jing (2017) Hai Bu Dong Chan Quan Di 0056442 Hao	Car parking spaces	43.11
112	–1202	Jing (2017) Hai Bu Dong Chan Quan Di 0056384 Hao	Car parking spaces	43.11
113	–1203	Jing (2017) Hai Bu Dong Chan Quan Di 0057639 Hao	Car parking spaces	43.11
114	–1205	Jing (2017) Hai Bu Dong Chan Quan Di 0057635 Hao	Car parking spaces	43.11
115	–1206	Jing (2017) Hai Bu Dong Chan Quan Di 0057646 Hao	Car parking spaces	43.11
116	–1207	Jing (2017) Hai Bu Dong Chan Quan Di 0057643 Hao	Car parking spaces	43.11
117	–1208	Jing (2017) Hai Bu Dong Chan Quan Di 0057644 Hao	Car parking spaces	43.11
118	–1209	Jing (2017) Hai Bu Dong Chan Quan Di 0056425 Hao	Car parking spaces	43.11
119	–1210	Jing (2017) Hai Bu Dong Chan Quan Di 0056426 Hao	Car parking spaces	43.11
120	–1211	Jing (2017) Hai Bu Dong Chan Quan Di 0056424 Hao	Car parking spaces	43.11
121	–1212	Jing (2017) Hai Bu Dong Chan Quan Di 0056422 Hao	Car parking spaces	43.11
122	–1215	Jing (2017) Hai Bu Dong Chan Quan Di 0056440 Hao	Car parking spaces	43.11
123	–1216	Jing (2017) Hai Bu Dong Chan Quan Di 0057301 Hao	Car parking spaces	43.11
124	–1217	Jing (2017) Hai Bu Dong Chan Quan Di 0057295 Hao	Car parking spaces	43.11
Total				**11,628.21**

2. Pursuant to various Tenancy Agreements entered into between Beijing Besunyen Property Management Co., Ltd. and various tenants, various units of retail and office and 23 car parking spaces with a total lettable area of approximately 11,557.52 sq.m. are leased to various tenants for retail, office and car parking purposes with a majority of terms of 3 to 6 years, and the total annual rent receivable in 2018 is approximately RMB25,264,344, exclusive of management fee.

3. Our valuation has been made on the following basis and major assumptions:

   a. In undertaking our valuation, we considered both the annuity in lease term and annuity in reversionary term. For the annuity in lease term, we made reference to current rent of the property. For the annuity in reversionary term, we have made reference to the average market rent in similar properties within the same district. The daily unit rents of these comparable office properties range from RMB7.0 to RMB7.8 on the gross floor area basis, exclusive of management fee, the daily unit rents of these comparable retail properties range from RMB12.0 to RMB12.5 for the first floor on the gross floor area basis, exclusive of management fee, and the monthly rents of the comparable car park is range from RMB800 to RMB1,000 per lot exclusive of management fee. Appropriate adjustments and analysis are considered to the differences in location, decoration and other characters between the comparable properties and the property to arrive at the average market rent.

   Below are some details of Comparable Factors:

Name	**Address**	**Unit Rent**	**Usages**
Linglong Tiandi (玲瓏天地)	Junction of West 4th Ring Road and Linglong Road, Haidian District	7.5 RMB/ sq.m./day	Office
Huike Mansion (惠科大廈)	Junction of West 4th Ring Road and Linglong Road, Haidian District	7.8 RMB/ sq.m./day	Office
Digital Mansion (數碼大廈)	East 3rd Ring Road, Subway Station of Renmin University, Haidian District	7.0 RMB/ sq.m./day	Office
Retail unit near the subway station of Wuluju	Near the Subway Station Wuluju, Haidian District	13 RMB/ sq.m./day	Retail
Retail unit near the subway station of Wuluju	Near the Subway Station Wuluju, Haidian District	12.5 RMB/ sq.m./day	Retail
Retail unit near the subway station of Wuluju	Near the Subway Station Wuluju, Haidian District	13 RMB/ sq.m./day	Retail
Linglong Tiandi (玲瓏天地)	Junction of West 4th Ring Road and Linglong Road, Haidian District	1,000 RMB/ lot./month	Car parking spaces
Huike Mansion (惠科大廈)	Junction of West 4th Ring Road and Linglong Road, Haidian District	1,000 RMB/ lot./month	Car parking spaces
Digital Mansion (數碼大廈)	East 3rd Ring Road, Subway Station of Renmin University, Haidian District	800 RMB/ lot./month	Car parking spaces

   b. We have gathered and analyzed various recent sales transactions of retail and office markets in the similar area of the property and noted that the stabilized market yield in those transactions are generally within the ranges from 4% to 5.5% as at the valuation date. Considering the location and other characteristics of the property, we have applied market yields of 5% for office, 5.5% for retail and 3% for car parking spaces as the capitalization rate in the valuation.

c. The above market rents assumed by us are consistent with the level of recent lettings within the property and other similar properties with the same district as mentioned above. The market yields used are reasonable having regard to the market yields analysed from sales of comparable properties which we have collected.

d. In our valuation, we assumed that the investment term of the office/car parking spaces and retail of the property will expire on the expiry date of the land use right of the property, which are respectively 10 June 2049 and 10 June 2059, accordingly the residual life of the office/car parking spaces potion is approximately 30.5 years and the residual life of the retail potion is approximately 40.5 years as at the date of valuation.

4. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *RMB*
Group I — Completed Properties held for owner occupation by the Group in the PRC	106,000,000
Group II — Completed Properties held for investment by the Group in the PRC	374,000,000
Grand-total:	**480,000,000**

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company or were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company were as follows:

Name of Director/ Chief Executive	Nature of interest	Number of Shares/Options	Approximate percentage of total issued Shares (%)(7)
Mr. ZHAO Yihong	Beneficial owner, interest of his spouse, founder of a discretionary trust and interest of corporation controlled by the Director(1)(3)	873,255,216(1)(L)	53.57%
Ms. GAO Yan	Beneficial owner and interest of her spouse(2)(3)	873,255,216(2)(L)	53.57%
Mr. ZHUO Fumin	Beneficial owner and interest of his spouse	1,136,000(4)(L)	0.07%
Mr. HUANG Jingsheng	Beneficial owner	1,100,000(5)(L)	0.07%
Mr. REN Guangming	Beneficial owner	970,000(6)(L)	0.06%

(1) Mr. Zhao Yihong, executive Director, beneficially owns 24,000,000 options granted under the Pre-IPO Share Option Scheme, 4,000,000 options granted under the Share Option Scheme and 1,741,000 Shares directly. Mr. Zhao is also deemed or taken to be interested in the following Shares/options for the purposes of the SFO:

(i) 816,259,176 Shares which are beneficially owned by Foreshore Holding Group Limited, a company which is controlled by Mr. Zhao;

(ii) 14,255,040 Shares which are beneficially owned by Better Day Holdings Limited, a company which is controlled by Mr. Zhao; and

(iii) 12,000,000 options granted under the Pre-IPO Share Option Scheme and 1,000,000 options granted under the Share Option Scheme, which are beneficially owned by Ms. Gao Yan, Mr. Zhao's spouse.

(2) Ms. Gao Yan, executive Director, beneficially owns 12,000,000 options granted under the Pre-IPO Share Option Scheme and 1,000,000 options granted under the Share Option Scheme. Ms. Gao is also deemed or taken to be interested in the following Shares/options for the purposes of the SFO:

(i) 1,741,000 Shares beneficially owned by Mr. Zhao Yihong, Ms. Gao's spouse;

(ii) 816,259,176 Shares which are deemed to be beneficially owned by Mr. Zhao, as controlling shareholder of Foreshore Holding Group Limited;

(iii) 14,255,040 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Better Day Holdings Limited; and

(iv) 24,000,000 options granted under the Pre-IPO Share Option Scheme and 4,000,000 options granted under the Share Option Scheme, which are beneficially owned by Mr. Zhao.

(3) 84.15% of the issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by KCS Trust Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.

(4) Mr. Zhuo Fumin, non-executive Director, beneficially owns 400,000 options granted under the Pre-IPO Share Option Scheme and 600,000 options granted under the Share Option Scheme. Mr. Zhuo is also deemed or taken to be interested in the 136,000 Shares beneficially owned by his wife for the purposes of the SFO.

(5) Mr. Huang Jingsheng, independent non-executive Director, beneficially owns 500,000 options granted under the Pre-IPO Share Option Scheme and 600,000 options granted under the Share Option Scheme.

(6) Mr. Ren Guangming, independent non-executive Director, beneficially owns 600,000 options granted under the Share Option Scheme and 370,000 Shares.

(7) This is calculated based on 1,630,207,820 Shares, being the number of Shares in issue as at the Latest Practicable Date.

* *The letter "L" denotes the person's long position in such Shares.*

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or chief executive of the Company had any other interests or short positions in any Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Substantial Shareholders	Number of Shares	Approximate percentage of total issued Shares (%)[(3)]
Foreshore Holding Group Limited[(1)]	816,259,176[(L)]	50.07%
Sea Network Holdings Limited[(1)]	816,259,176[(L)]	50.07%
TMF Trust (HK) Limited[(1)]	816,259,176[(L)]	50.07%
Alliedray Holdings Limited[(3)]	816,259,176[(L)]	50.07%
Ms. Yin Qiuping[(3)]	816,259,176[(L)]	50.07%
Ms. PENG Wei[(2)]	128,115,000[(L)]	7.86%
Everyoung Investment Holdings Limited[(2)]	123,750,000[(L)]	7.59%

(1) 84.15% of the issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.

(2) The entire issued share capital of Everyoung Investment Holdings Limited is directly owned by Ms. Peng Wei. Ms. Peng beneficially owns 4,365,000 Shares.

(3) Alliedray Holdings Limited acquired a security interest in the 816,259,176 Shares on 10 December 2018. 90% of the issued share capital of Alliedray Holdings Limited is directly owned by Ms. Yin Qiuping.

(4) This is calculated based on 1,630,207,820 Shares, being the number of Shares in issue as at the Latest Practicable Date.

* *The letter "L" denotes the person's long position in such Shares.*

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, there was no other person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or had any options in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or their respective associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

(i) had any interest, direct or indirect, in any assets which have been, since 31 December 2017 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance, and no other litigation or claim of material importance was to be pending or threatened against the Company nor any of its subsidiaries.

8. MATERIAL CONTRACTS

The following contracts have been entered into by the Company and its subsidiaries (not being contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date:

(i) the equity transfer agreement and the supplemental agreement thereof entered into amongst Beijing Outsell, Zhonghang Tuohong and Besunyen Food and Beverage on 10 March 2017 and 25 July 2017, respectively, and the second supplemental agreement thereof entered into amongst Beijing Outsell, Zhonghang Tuohong, Besunyen Food and Beverage and Tibet Besunyen Trading on 31 December 2018, in relation to the disposal of 100% equity interest in Besunyen Food and Beverage to Zhonghang Tuohong by Beijing Outsell or Tibet Besunyen Trading for a consideration of RMB75,000,000;

(ii) the investment agreement entered into amongst Beijing Outsell, the sellers of Zhongshan Wanhan, the sellers of Zhongshan Wanyuan, Zhongshan Wanhan and Zhongshan Wanyuan on 10 March 2017 and the supplemental agreement thereof entered into amongst Besunyen Venture Investment, Beijing Outsell, sellers of Zhongshan Wanhan, sellers of Zhongshan Wanyuan, Zhongshan Wanhan and Zhongshan Wanyuan on 28 July 2017, in relation to the acquisition of 39.66% equity interest in Zhongshan Wanhan for a consideration of RMB77,100,000 and capital contribution in cash to each of Zhongshan Wanhan and Zhongshan Wanyuan in the total sum of RMB60,000,000, by Beijing Outsell or Besunyen Venture Investment;

(iii) the share subscription agreement entered into between the Company and the subscribers, i.e. Ms. LI Jiaozhi, Mr. WANG Jining, Mr. LUO Xuezhi and Everyoung Investment Holdings Limited, on 10 March 2017 in relation to the subscription of 165,000,000 new shares issued and allotted by the Company at the price of HK$0.5 per share under general mandate;

(iv) the termination agreement entered into between Beijing Outsell, Pincha, Mr. Zhao Yihong and Ms. Gao Yan on 25 July 2017 to terminate 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 Yihong on 28 March 2011, together with the related written confirmation and undertaking thereto;

(v) the equity transfer agreement entered into between Beijing Outsell and Mr. Zhao Yihong 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;

(vi) the investment agreement entered into amongst Besunyen Venture Investment, the sellers, Aolixin, and Kangbaina on 28 July 2017 in relation to the acquisition of 100% equity interest in Aolixin and Kangbaina by Besunyen Venture Investment for a consideration of RMB1,500,000 and RMB6,000,000, respectively;

(vii) the share subscription agreement entered into between the Company and Aurum Credo Limited, the subscriber, on 6 May 2018 in relation to the subscription of an aggregate of 293,041,564 new shares issued and allotted by the Company at the price of HK$0.5 per share under general mandate, and the termination agreement to terminate such share subscription agreement entered into between the Company and Aurum Credo Limited on 28 September 2018; and

(viii) the Equity Transfer Agreement entered between the Vendor and Purchaser on 31 December 2018 in relation to the disposal of 100% equity interest in the Target Company by the Vendor to the Purchaser for a consideration of RMB555 million.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice contained in this circular:

Name	**Qualification**
PricewaterhouseCoopers	Certified Public Accountants
Asia-Pacific Consulting and Appraisal Limited	Independent property valuer

As at the Latest Practicable Date, each of PricewaterhouseCoopers and Asia-Pacific Consulting and Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of PricewaterhouseCoopers and Asia-Pacific Consulting and Appraisal Limited had any shareholding interests in the Company or any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in the Company or any member of the Group.

As at the Latest Practicable Date, none of PricewaterhouseCoopers and Asia-Pacific Consulting and Appraisal Limited had any interest, direct or indirect, in any assets which had been, since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(i) The registered office of the Company is at Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

(ii) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(iii) The principal place of business of the Company in PRC is at 10/F., Besunyen Building, Linglong Tiandi, No. 160 West 4th Ring Road North, Haidian District, Beijing, 100036, PRC.

(iv) The company secretary of the Company is Mr. Au Lap Ming. Mr. Au is an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(v) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's place of business in Hong Kong at Room 1303, 13/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular until 18 February 2019:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company containing audited consolidated financial statements of the Company for the two years ended 31 December 2017 and 2016;

(iii) the report from PricewaterhouseCoopers in respect of the review of the unaudited condensed combined financial information of the Target Group, the text of which is set out in Appendix II to this circular;

(iv) the report from PricewaterhouseCoopers in respect of the unaudited pro forma information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(v) the property valuation report from Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendix V to this circular;

(vi) the written consents referred to in the paragraph headed "experts and consents" in this Appendix VI;

(vii) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix VI; and

(viii) this circular.

碧 生 源 控 股 有 限 公 司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Besunyen Holdings Company Limited (the "**Company**") will be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong at 3:30 p.m. on 22 February 2019 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT:**

the terms of and the transactions contemplated under the Equity Transfer Agreement (the "**Equity Transfer Agreement**") dated 31 December 2018 (a copy of which marked "A" has been tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose) in respect of the Disposal be and are hereby approved, and any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and do all such acts or things and take all such steps as he/she/ they may in his/her/their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Equity Transfer Agreement and all matters incidental thereto."

By order of the Board
Besunyen Holdings Company Limited
Au Lap Ming
Company Secretary

Hong Kong, 4 February 2019

As at the date of this notice, 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. Huang Jingsheng, Mr. Ren Guangming and Mr. He Yuanping.

Notes:

(1) A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.

(3) The register of members of the Company will be closed from 19 February 2019 to 22 February 2019, both days inclusive. During such period, no transfer of shares of the Company will be registered. The record date for determining the eligibility to attend the Meeting will be on 22 February 2019. In order to be eligible for attending the Meeting, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 18 February 2019.

(4) A form of proxy for use at the Meeting is enclosed herewith.