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 Units 2005C–2006A, 20/F., Exchange Tower, No. 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on 15 September 2020 at 10:30 a.m. is set out on pages 58 to 59 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.

28 August 2020

CONTENTS

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

"Articles of Association"	the articles of association of the Company
"A Li Yun Shan"	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
"Aurum"	Aurum Credo Limited, a limited liability company incorporated under the laws of Hong Kong
"Beijing Chang Sheng"	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
"Beijing Hengtong"	Beijing Hengtong Innovation Whole House Assembly Co., Ltd. (北京恒通創新整體房屋組裝有限公司), a company incorporated in the PRC with limited liability
"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
"Besunyen Hong Kong"	Besunyen (Hong Kong) Co., Ltd. (碧生源(香港)有限公司), a limited liability company incorporated under the laws of Hong Kong, and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Business Day"	any day when banks in PRC, Hong Kong and the United States of America are open for business (excluding Saturday, Sunday and statutory holidays)
"Closing" or "Completion"	the completion of the Disposal in accordance with the terms of the Equity Transfer Agreement
"Company"	Besunyen Holdings Company Limited (碧生源控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it 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

"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 to be convened and held by the Company to seek the consideration and approval of the Shareholders regarding the Equity Transfer Agreement and the transactions contemplated thereunder
"Equity Transfer Agreement"	the equity transfer agreement entered into between the Purchaser, the Vendor and the Guarantors regarding the Disposal on 14 August 2020
"Framework Agreement"	the Framework Agreement entered into between the Company, the Vendor and the Purchaser on 8 December 2019
"Group"	the Company and its subsidiaries
"Guarantors"	the Company and Besunyen Hong Kong
"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
"Independent Valuer"	Asia-Pacific Consulting and Appraisal Limited
"Industrial and Commercial Registration"	filing with the relevant administration of market regulation
"Land"	the state-owned land for industrial purposes located in Doudian Town, Fangshan District, Beijing, with an area of land use right of 54,333.36 square meters and the Target Company has the land use right for such Land
"Latest Practicable Date"	26 August 2020, 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
"PRC"	the People's Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Premises"	the buildings and facilities constructed on the Land, with a gross floor area of 77,191.65 square meters and the Target Company owns the Premises
"Property"	the Land and the Premises
"Property Valuation Report"	the property valuation report issued by the Independent Valuer, on 28 August 2020 setting out the appraised market value of the Property as at 14 August 2020 adopting market approach and cost approach
"Purchaser"	BASIC VENTURE LIMITED, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of Gateway Real Estate Fund VI, L.P.
"Remaining Group"	the Group excluding the Target Company
"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
"Shares"	the ordinary share(s) of US$0.00000833333 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Beijing Shenhuibiyuan Cloud Computing Technology Company Limited (北京申惠碧源雲計算科技有限公司), a company incorporated under the laws of the PRC with limited liability, and a direct wholly-owned subsidiary of the Vendor
"Target Equity Interests"	the 100% equity interests of the Target Company
"Tenglong Shengyuan"	Tenglong Shengyuan (Beijing) Data Technology Co., Ltd. (騰龍盛源(北京)數據科技有限公司), a limited liability company incorporated in the PRC

"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
"Tosalco"	Tosalco Pte. Ltd., a limited liability company incorporated under the laws of Singapore
"US dollar"	US dollar, the lawful currency of the United States
"Vendor"	Beijing Outsell Health Product Development Co., Ltd. (北京澳特舒爾保健品開發有限公司), a company incorporated under the laws of the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
"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

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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. REN Guangming
Mr. HE Yuanping
Mr. FU Shula

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., Block D, Linglong Tiandi
No. 160 West 4th Ring Road North
Haidian District, Beijing 100036
PRC

Place of Business in Hong Kong:
Units 2005C–2006A, 20/F., Exchange Tower,
No. 33 Wang Chiu Road,
Kowloon Bay, Kowloon
Hong Kong

28 August 2020

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 14 August 2020 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 14 August 2020 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Guarantors (the Company and Besunyen Hong Kong) 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 an Estimated Consideration of RMB463 million payable by the Purchaser entirely in cash. Upon the Completion, the Target Company will cease to be a subsidiary of the Company.

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

Date

14 August 2020

Parties

(1) Vendor: Beijing Outsell Health Product Development Co., Ltd.

(2) Purchaser: BASIC VENTURE LIMITED

(3) Guarantors: The Company and Besunyen Hong Kong

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners 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.

Consideration

Assuming the cash minus the total liabilities of the Target Company as at the date of the Closing is nil, the consideration of the Disposal shall be RMB463 million ("**Estimated Consideration**"). The Estimated Consideration was arrived at after arm's length negotiations between the parties with reference to the valuation of the Property of RMB402.3 million as at 14 August 2020 appraised by the Independent Valuer adopting market approach and cost approach.

The final consideration ("**Final Consideration**") will be the amount of the Estimated Consideration plus the amount equivalent to the cash minus the total liabilities of the Target Company as indicated in the closing statements. The closing statements refer to the balance sheet as at the date of the Closing of the Target Company prepared by the Vendor in accordance with the PRC accounting standards and agreed by the Purchaser. If the Purchaser disagrees with the closing statements and the Vendor and the Purchaser fail to reach an agreement within ten (10) Business Days after the Purchaser so disagrees, the Vendor and the Purchaser will engage an accounting firm which should be selected among Deloitte, PricewaterhouseCoopers, Ernst & Young and KPMG, to determine the closing statements separately pursuant to the PRC accounting standards which shall be final and binding upon the Vendor and the Purchaser. There is no difference for the closing statements to be prepared in accordance with International Financial Reporting Standard and the PRC accounting standard.

As of the Latest Practicable Date, the amount of the Target Company's cash minus its total liabilities was RMB20 million.

Payment of Consideration

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

(1) the Purchaser has paid a deposit equivalent to RMB92.6 million to the Vendor under the Framework Agreement on 27 December 2019 ("**Deposit**"). Before the Purchaser makes the first instalment payment of the Consideration, the Vendor shall return the Deposit to the escrow account of the Purchaser and the Vendor ("**Escrow Account**") for the Purchaser to make the first instalment payment of the Consideration.

(2) an amount equivalent to 95% of RMB463 million plus the amount of cash minus the total liabilities of the Target Company (if any) as at the date of the Closing shall be paid by the Purchaser to the Vendor on the date of the Closing after the satisfaction of all of the following conditions ("**First Instalment Consideration**"):

   (i) all conditions precedent to Closing have been satisfied or waivered in writing;

   (ii) the Vendor has delivered to the Purchaser all closing documents; and

   (iii) the Deposit has been returned by the Vendor to the Escrow Account.

(3) the remaining amount of the Final Consideration minus the First Instalment Consideration shall be paid by the Purchaser to the Vendor on the first anniversary date of the Closing ("**Second Instalment Consideration**"). If there is any breach of contract by the Vendor or the Purchaser entitling to claim for compensation pursuant to the Equity Transfer Agreement, the Purchaser

has the right to deduct the amount of loss incurred by the Purchaser and agreed by the parties from the Second Instalment Consideration, and pay the remaining amount to the Vendor. The circumstances in which the Purchaser is entitled to claim for compensation pursuant to the Equity Transfer Agreement include: (i) the Purchaser suffering losses resulting from (a) any actions or claims of any kind raised by any persons (including the governmental authorities) based on any facts or conditions existing prior to the Closing relating to the Property, the Target Company or the Target Equity Interest; (b) the Vendor's failure to comply with any applicable laws prior to the date of the Closing; (c) the Vendor and Guarantors' failure to fulfil their tax liabilities in respect of any transaction between themselves and the Target Company or in relation to the Target Company (including the Disposal) or the Target Company's any unfulfilled tax liability as at the date of the Closing; (ii) the Vendor breaching its other representations, warranties, covenants, consents or obligations under the Equity Transfer Agreement. In deciding whether to agree on the amount of loss claimed by the Purchaser, the Vendor will engage an independent third party with relevant expertise to evaluate and assess. The Purchaser's such right is not a condition precedent to its payment of the Second Instalment Consideration.

Considering that (i) 95% of the Estimated Consideration will be paid on the date of the Closing; (ii) the Purchaser is obligated to pay the Vendor the Second Instalment Consideration on the first anniversary date of the Closing, and only the amount of loss incurred by the Purchaser that agreed by the Vendor can be deducted therefrom; (iii) it is not uncommon to pay the consideration in instalments and to pay the second instalment one year after the first instalment; and (iv) the terms of the Equity Transfer Agreement are reached after arm's length negotiation among the parties, the Directors are of the view that the payment arrangement of the Second Instalment Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Guarantee

The Guarantors agree to bear joint liability for the full performance of any and all obligations and liabilities of the Vendor under the Equity Transfer Agreement and any reasonable costs and expenses incurred by the Purchaser in exercising its rights for remedies arising from any breach of contract by the Vendor.

Pledge of the Target Equity Interests

On the date of the Equity Transfer Agreement, all the Target Equity Interests have been pledged to the Purchaser or its designee in accordance with the terms of the Framework Agreement. Subject to the provisions set forth below, from the date of the Equity Transfer Agreement to the date of the Closing, all the Target Equity Interests shall continue to be pledged to the Purchaser or its designee. This pledge is only for the purpose of protecting the exclusive purchase right of the Purchaser on the Target Equity Interests, and the Purchaser has no right to acquire the pledged Target Equity

Interests directly in the event of any breach of contract by the Vendor or the Guarantors. Other than such exclusive purchase right, the Purchaser has no right to the Target Equity Interests.

Upon the taking effect of the Equity Transfer Agreement, after the Purchaser completes the confirmative due diligence and is satisfied with the results of the due diligence (this condition can be waived by the Purchaser in writing) and within three (3) Business Days after the Purchaser makes a written request, the Vendor will cooperate with the making of Industrial and Commercial Registration in relation to the Disposal. During the period from the completion of the Industrial and Commercial Registration in relation to the Disposal to the date of the Closing, the Target Equity Interests having been registered under the name of the Purchaser at that time shall be pledged to the Vendor or its designee. For this purpose, the Purchaser has signed relevant pledge documents on the date of the Equity Transfer Agreement.

Conditions Precedent to Closing

The obligation of the Purchaser to complete the Closing and pay the First Instalment Consideration is subject to the satisfaction or written waiver of the following conditions on or before the date of the Closing:

(1) all approvals required for the Disposal (including without limitation the approval of the Shareholders' meeting of the Company with respect to the Disposal and the approval of the Stock Exchange with respect to the announcement and circular of the Disposal) have been duly obtained and remain fully valid;

(2) the Target Company has completed the relevant change registration and filing procedures and has received a new business license, and the persons designated by the Purchaser have been appointed or engaged as the new legal representative, general manager, director(s) and supervisor(s) of the Target Company;

(3) the cash minus the total liabilities of the Target Company as at the date of the Closing shall not be a negative number;

(4) there are no outstanding accounts payable to which the Target Company is a party; and

(5) any other conditions precedent customary for this type of transaction.

Except for condition (1), the rest of the conditions precedent are waivable. As at the Latest Practicable Date, none of the conditions precedent has been waived.

Closing

The Closing of the Disposal means the completion of Industrial and Commercial Registration procedures for the Disposal and the delivery of all closing documents. The Closing shall take place within five (5) Business Days after the date when all conditions precedent to Closing have been fulfilled or waived in writing.

The Equity Transfer Agreement shall enter into force and effect after it is duly executed by all parties thereof. If the Closing does not happen within eighteen (18) months from the effective date of the Equity Transfer Agreement, any party thereof shall have the right to give a written notice to the other parties to terminate the Equity Transfer Agreement.

Other Terms

The Purchaser continues to own the exclusive right to purchase the Target Equity Interests and the Property until the date of the Closing or the date when the Equity Transfer Agreement is terminated.

Liability for the Termination of Equity Transfer Agreement due to Any Party's Fault

If the Equity Transfer Agreement is terminated due to any breach of contract by the Vendor, the Guarantors or the Target Company, the Vendor shall return the Deposit and the Consideration for transfer of the Target Equity Interests received by it to the Purchaser, and the Vendor, the Guarantors and the Target Company shall pay a total of RMB231.5 million to the Purchaser as liquidated damages for such breach of contract. If the aforesaid amount of the liquidated damages is insufficient to compensate the losses sustained by the Purchaser, the Vendor, the Guarantors and the Target Company shall make up the difference.

If the Equity Transfer Agreement is terminated due to any breach of contract by the Purchaser, the Purchaser shall pay RMB231.5 million to the Vendor as liquidated damages for such breach of contract.

Such reciprocal liquidated damages arrangement is a commercial arrangement between the Purchaser and the Vendor. As the Disposal will bring substantial benefits to the Group, and such amount of liquidated damages can procure the Purchaser to fulfil its obligation to the completion, the Company is of the view that such arrangement is fair and reasonable.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of the PRC in September 2019 and an indirect wholly-owned subsidiary of the Company. The Vendor, which is the sole shareholder of the Target Company as at the Latest Practicable Date, transferred the Property to the Target Company as capital contribution in August 2020. Save for holding the Property, the Target Company has no business operation since its incorporation. Save for the Property, the value-added tax input to be recoverable of approximately RMB22 million which is related to transfer of the Property from the Vendor to Target Company and cash of approximately RMB20 million, the Target Company does not and will not have any other material assets or liabilities before the Closing. For the two financial years immediately preceding the Disposal, the revenue attributable to the Property were nil since there was no operation on the Property, and the expenses incurred for the Property for each of the two years 2018 and 2019 were approximately RMB2.6 million, mainly comprising of depreciation of property, plant and equipment, amortization of land use rights and property taxes. The Property is currently lying idle, and the disposal of the Property will not affect the Company's business operation.

As at 14 August 2020, the unaudited net assets of the Target Company were RMB445 million. The unaudited net profits (before and after taxation) of the Target Company for the period from its incorporation to 31 December 2019 were nil, and the unaudited net losses (before and after taxation) of the Target Company for the period from 1 January 2020 to 14 August 2020 were RMB0.1 million.

GENERAL INFORMATION OF THE GROUP AND THE PARTIES

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. The Group is a leading provider of therapeutic teas in the PRC, mainly engaged in the research and development, production, sale and promotion of therapeutic teas and medicines.

Besunyen Hong Kong

Besunyen Hong Kong is a limited liability company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of the Company, mainly engaged in investment holding.

Vendor

The Vendor is a company incorporated with limited liability in the PRC, and an indirect wholly-owned subsidiary and the main operating entity of the Company, mainly engaged in the development, production, sale and promotion of therapeutic teas.

Purchaser

The Purchaser is a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of Gateway Real Estate Fund VI, L.P. The principal business of Gateway Real Estate Fund VI, L.P. is long-term investment in real properties in the Asia Pacific region. Based on information provided to the Company, the ultimate beneficial owners of the Purchaser are a consortium of institutional investors led by Gateway VI GP Limited, the general partner of Gateway Real Estate Fund VI, L.P.. The management and control over the Gateway Real Estate Fund VI, L.P. have been fully delegated to Gateway VI GP Limited.

Gateway VI GP Limited is controlled by Gaw Capital Partners, a uniquely positioned private equity fund management company that focuses in real estate markets in greater China and other high barrier-to-entry markets globally. Since its inception in 2005, Gaw Capital Partners has raised six commingled funds targeting the Greater China and APAC regions. Gaw Capital Partners also manages value-add/opportunistic funds in Vietnam and the US, a Pan-Asia hospitality fund, a European Hospitality Fund, and also provides services for separate account direct investments globally. The controllers of Gaw Capital Partners are Mr. Goodwin Gaw and Mr. Kenneth Gaw.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal is expected to record a net gain after taxation of approximately RMB66 million on the consolidated financial statements of the Company, calculated assuming the Disposal is completed on 14 August 2020 and with reference to the difference between (i) the Estimated Consideration of RMB463 million plus the amount of the Target Company's cash minus its total liabilities as at the Latest Practicable Date of RMB20 million, and (ii) the unaudited net book value of the assets to be disposed of as at 14 August 2020 of approximately RMB369 million at the consolidation level of the Group and the transaction costs, tax surcharges and corporate income tax of the Disposal of approximately RMB48 million. 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 Company as at the Completion.

EFFECTS ON THE ASSETS AND LIABILITIES OF THE REMAINING GROUP

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, assuming the Completion had taken place on 31 December 2019, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately RMB1,796 million and RMB650 million, respectively.

EFFECTS ON THE PROFITABILITY OF THE REMAINING GROUP

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, assuming the Completion had taken place on 1 January 2019, for the financial year ended 31 December 2019, the unaudited pro forma consolidated total comprehensive income for the year of the Remaining Group would be approximately RMB255 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 RMB437 million (equal to the proceeds from the Disposal minus relevant transaction costs and tax surcharges). The Group intends to use the net proceeds from the Disposal for the following purposes: (i) approximately RMB137 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 RMB100 million will be used to repay debts to reduce the financial costs of the Group; (iii) approximately RMB50 million will be used to distribute dividends to the Shareholders; and (iv) the remaining approximately RMB150 million will be used for potential investments in the big health industry which are in line with the Group's strategy and/or infrastructure projects of the Group; in each case subject to actual conditions and the resolution of the Board from time to time. The Group has been exploring investment opportunities, and will make appropriate disclosure pursuant to applicable requirements under the Listing Rules if the Group makes any investment decision. As of the Latest Practicable Date, the Company has not identified any potential investments.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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.

IV. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 58 to 59 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.

As at the Latest Practicable Date, the Company has received an irrevocable undertaking from Foreshore Holding Group Limited, the controlling shareholder of the Company holding approximately 50.07% of the total issued Shares of the Company, to vote in favour of 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 2019 have been disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://ir.besunyen.com):

- annual report of the Company for the year ended 31 December 2019 published on 20 April 2020 (pages 92 to 191);
- annual report of the Company for the year ended 31 December 2018 published on 17 April 2019 (pages 83 to 179); and
- annual report of the Company for the year ended 31 December 2017 published on 19 April 2018 (pages 97 to 183).

2. INDEBTEDNESS STATEMENTS

Borrowings

At the close of business on 31 July 2020, 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 approximately RMB215,174,000, comprising (i) guaranteed bank borrowings of RMB159,230,000; (ii) unguaranteed bank borrowings of RMB3,000,000; (iii) secured other borrowings and overdraft of approximately RMB37,927,000 and (iv) unsecured lease liabilities of approximately RMB15,017,000.

The bank and other borrowings are secured by certain of the Group's cash, property, plant and equipment and land use rights.

Charges

As at 31 July 2020,

(a) the Group has pledged its land use rights and buildings with carrying amounts of approximately RMB6,126,000 and RMB82,221,000 respectively to a third party guarantee company as the securities for being the guarantor of the Group's bank borrowings of RMB70,000,000.

(b) the Group has pledged its land use rights of approximately RMB18,900,000 to the bank as the security for bank borrowings of RMB52,600,000. The bank borrowings are also secured by the non-controlling shareholder of the Group's subsidiaries.

(c) the Group has pledged its land use rights and buildings of approximately RMB17,849,000 and RMB24,605,000 respectively to bank as the securities for bank borrowing of RMB20,000,000. The borrowing is also secured by the non-controlling shareholder of the Group's subsidiaries.

(d) the Group has bank borrowings of RMB16,630,000 which are guaranteed by the non-controlling shareholder.

(e) the Group has restricted cash amounting to approximately RMB14,963,000 pledged to bank as the security for issuance of bank acceptance notes of RMB37,927,000.

Contingent liabilities

As at 31 July 2020, 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 July 2020, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings 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 there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2019 (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 expected completion of the Transaction and the financial resources available to the Group, including the continuing availability of the banking facilities, the directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With the rise of the concept of big health, the upgrading of the consumer market and the aging of population, consumers pay more attention to healthy living, which leads to a huge demand for the healthy market and contributes to the healthy and sustainable development of nutrition health product industry. The prospect of the industry and the future growth space of the sub-sectors are promising. Meanwhile, the severe external market environment, the state's regulation actions for the health products industry, the reform and standardization of the pharmaceutical retail industry and other factors have increased the pressure and challenges of market stakeholders. Under the background of overseas brands have entered the Chinese market by means of cross-border e-commerce, rapid development of new categories and new brands under new channels and new media and new era, and the industry competition is diversified, which shifted from focusing on a single field to all-round industrial chain including R&D, production and marketing; from pursuing the market share to the quick response ability to the market. The Group is facing with an important proposition that how to seize the opportunity to achieve leap-forward development and lead the Group's strategic upgrading and changes of industry profit ecology. In this regard, on the one hand, the Group will continue to implement the strategic upgrading from product marketing to brand value marketing; on the other hand, it will actively lay out new channels, new products and new business formats, and take the advantage of new business to seize the favorable position.

The Group will continuously take the e-commerce platform as the core of strategic development, closely follow the development trend of the industry and promote the upgrading of the e-commerce platform. In the second half of 2020, the Group will continue to focus on the operation of user assets, upgrade the member operation system, build a precise marketing application and member service system, accelerate the construction of a consumer-centered digital e-commerce system, achieve accurate marketing promotion, improve the circulation efficiency of purchasers and brand loyalty people, and digitally drive the growth of sale of e-commerce channels. In terms of the implementation of the strategy of big single product — Orlistat, the Group aims to achieve an aggregate market share of more than 50% of LARLLY Orlistat and Besunyen Orlistat as single products in the e-commerce platform. By entering the new track in the field of consumer health, the Group will create a new e-commerce pattern coexisting multiple models by virtue of the platform resources.

Relying on the favourable off-line market foundation, the Group will build more reasonable combination of distributors/sub-distributors, constantly consolidate the all-channel sales system, form differentiated and diversified channels, promote the sales of new products and innovation in models with high-quality and differentiated products as the cornerstones, and formulate reasonable incentive policies of new products. The Group will carry on enriching its product lines through independent R&D, commissioned processing and other ways, and take advantage of the Group's channels and terminal resources to promote the rapid growth of its business with dual-wheel driver of brand and channel.

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 SHENHUIBIYUAN CLOUD COMPUTING TECHNOLOGY 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 unaudited historical financial information set out on pages 20 to 26, which comprises the condensed balance sheets of Beijing Shenhuibiyuan Cloud Computing Technology Co., Ltd. (the "**Disposal Company**") as at 31 December 2019 and 14 August 2020, and the related condensed statements of comprehensive income, changes in equity and cash flows for the period from 29 September 2019 (date of incorporation) to 31 December 2019 and the period from 1 January 2020 to 14 August 2020 and explanatory notes (the "**Historical Financial Information**"). The Historical Financial Information has been prepared by the directors 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 Company 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 Rules**").

The directors of the Company are responsible for the preparation of the Historical Financial Information in accordance with the basis of preparation set out in Note 2 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 directors determine is necessary to enable the preparation of the 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.

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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 for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to update to the Historical Financial Information.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 August 2020

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Period from 29 September 2019 (date of incorporation) to 31 December 2019	Period from 1 January 2020 to 14 August 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	—	—
Cost of sales	—	—
Gross profit	—	—
Administrative expenses	—	(122)
Other gain	—	—
Loss before income tax	—	(122)
Income tax expense	—	—
Loss and total comprehensive loss for the period	—	(122)

CONDENSED BALANCE SHEETS

	Note	As at 31 December 2019 *RMB'000* (Unaudited)	As at 14 August 2020 *RMB'000* (Unaudited)
ASSETS			
Non-current assets			
Investment properties	3	—	402,300
Total non-current assets		—	402,300
Current assets			
Cash and cash equivalents	4	—	20,090
Other current assets	5	—	22,471
Total current assets		—	42,561
Total assets		—	444,861
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital	6	—	319,000
Other reserves	7	—	125,893
Accumulated loss		—	(122)
Total equity		—	444,771
LIABILITIES			
Non-current liabilities		—	—
Current liabilities		—	—
Other payables and accrued expenses		—	90
Total current liabilities		—	90
Total liabilities		—	90
Total equity and liabilities		—	444,861

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	**Other reserves**	**Accumulated losses**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 6)	*(Note 7)*		
Period from 29 September 2019 (date of incorporation) to 31 December 2019				
Balance at 29 September 2019	—	—	—	—
Profit and total comprehensive income for the period	—	—	—	—
Balance at 31 December 2019	—	—	—	—
Period from 1 January 2020 to 14 August 2020				
Balance at 1 January 2020	—	—	—	—
Loss and total comprehensive loss for the period	—	—	(122)	(122)
Transactions with the owner, in its capacity as owner:				
Contribution from the owner	319,000	125,893	—	444,893
Balance at 14 August 2020	319,000	125,893	(122)	444,771

CONDENSED STATEMENTS OF CASH FLOWS

	Period from 29 September 2019 (date of incorporation) to 31 December 2019	Period from 1 January 2020 to 14 August 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	—	(37)
Net cash from investing activities	—	—
Cash flows from financing activities		
Contribution from the owner	—	20,127
Net cash from financing activities	—	20,127
Net increase in cash and cash equivalents	—	20,090
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	—	20,090

NOTES TO THE UNAUDITED CONDENSED 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 since 29 September 2010. The Company and its subsidiaries (collectively the "**Group**") are principally engaged in manufacturing and sales of therapeutic tea products and slimming and other medicines.

On 14 August 2020, Beijing Outsell Health Product Development Co., Ltd., an indirect wholly-owned subsidiary of the Company ("**Beijing Outsell**"), and an independent third party, Basic Venture Limited (the "**Purchaser**"), entered into the Equity Transfer Agreement (the "**Agreement**"). Pursuant to the Agreement, Beijing Outsell has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 100% equity interests in Beijing Shenhuibiyuan Cloud Computing Technology Co., Ltd. (the "**Disposal Company**"), a directly wholly-owned subsidiary of Beijing Outsell as incorporated in Fangshan District, Beijing, the People's Republic of China (the "**PRC**") on 29 September 2019 with the registered capital of RMB319.0 million, at a cash consideration of approximately RMB483.0 million (the "**Proposed Disposal**").

The Disposal Company is the registered owner of the buildings and facilities located in Fangshan District, Beijing, the PRC with a gross floor area of 77,191.65 square meters (collectively the "**Properties**").

This condensed financial information of the Disposal Company (the "**Historical Financial Information**") has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Proposed Disposal.

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

2. 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 Rules**"). 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 2019.

(b) The Historical Financial Information has been prepared in accordance with the accounting policies adopted by the Disposal Company as set out in the annual report of the Company for the year ended 31 December 2019. Except as described below, these policies have been consistently applied to all the periods presented.

Amended standards and revised conceptual framework adopted by the Disposal Company

The Disposal Company has applied the following amended standards and revised conceptual framework for the first time for its annual reporting period commencing 1 January 2020:

- Amendments to IAS 1 and IAS 8 — Definition of Material
- Amendments to IFRS 3 — Definition of a Business
- Amendment to IFRS 7, IAS 39 and IFRS 9 Interest Rate Benchmank Reform
- Revised Conceptual Framework for Financial Reporting

The adoption of these amended standards and revised conceptual framework did not have any material impact on the significant accounting policies of the Disposal Company and the presentation of this Historical Financial Information.

3. INVESTMENT PROPERTIES

	RMB'000 (Unaudited)
At 29 September 2019 (date of incorporation), 31 December 2019 and 1 January 2020	
Net book amount	—
Period from 1 January 2020 to 14 August 2020	
Opening net book amount	—
Addition *(note)*	402,300
Depreciation charge for the period	—
Closing net book amount	402,300
At 14 August 2020	
Cost	402,300
Accumulated depreciation	—
Net book amount	402,300

In January 2018, Beijing Outsell entered into a lease agreement with an independent third party, pursuant to which Beijing Outsell agreed to lease the Properties to the third party once the construction of the Properties is completed and hence the Properties are classified as investment properties.

On 14 August 2020, Beijing Outsell has transferred the Properties as capital contribution to the Disposal Company (the "**Transfer**") (Note 6). 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 the Disposal Company is concentrated in the Properties. Accordingly, the Properties have been initially recognised by the Disposal Company at the fair value of RMB402,300,000.

4. CASH AND CASH EQUIVALENTS

	As at	
	31 December 2019	**14 August 2020**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash at bank	—	20,090

Cash and cash equivalents are denominated in RMB.

5. OTHER CURRENT ASSETS

	As at	
	31 December 2019	**14 August 2020**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Value-added tax recoverable *(note)*	—	22,471

The value-added tax recoverable as mainly arisen from the Transfer as described in Note 3 is estimated to be utilised within the next 12 months from 14 August 2020 and therefore is classified as "Other current assets" in the condensed balance sheets.

6. PAID-IN CAPITAL

	As at	
	31 December 2019	**14 August 2020**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Paid-in capital	—	319,000

The Disposal Company is a wholly-owned subsidiary established by Beijing Outsell on 29 September 2019. Beijing Outsell injected cash of RMB20,127,000 and transferred the Properties of RMB402,300,000 (Note 3) and the corresponding value-added tax recoverable of RMB22,466,000 (Note 5) which was arisen from the Transfer to the Disposal Company respectively, totalling RMB444,893,000 as capital contribution (the "**Capital Contribution**"). Pursuant to the Article of Association of the Disposal Company, RMB319,000,000 of the Capital Contribution were credited as paid-in capital, while the remaining amounts of RMB125,893,000 were credited as other reserves.

7. OTHER RESERVES

	As at	
	31 December 2019	**14 August 2020**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other reserves *(Note 6)*	—	125,893

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 31 December 2019 for the unaudited pro forma consolidated balance sheet and 1 January 2019 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019.

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 on 31 December 2019 for the financial position or 1 January 2019 for the financial results and cash flows or at any future date.

Unaudited pro forma consolidated balance sheet

	Consolidated balance sheet of the Group as at 31 December 2019 (Audited)	Pro forma adjustments					Pro forma consolidated balance sheet of the Remaining Group as at 31 December 2019 (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)(vii))*	*(Note 2(d))*	
ASSETS							
Non-current assets							
Property, plant and equipment	219,823						219,823
Investment properties *(Note 2(a))*	9,424	402,300	(402,300)				9,424
Intangible assets	170,086						170,086
Right-of-use assets	114,810						114,810
Other non-current assets	14,175						14,175
Investments accounted for using the equity method	79,276						79,276
Deferred income tax assets	65,242			(22,148)			43,094
Total non-current assets	672,836						650,688
Current assets							
Inventories	60,184						60,184
Trade receivables	139,673						139,673
Bills receivables	5,187						5,187
Deposits, prepayments and other receivables	111,409		(22,471)			22,471	111,409
Restricted bank deposits	27,968						27,968
Short-term investments	83,000						83,000
Term deposits with initial term of over three months	10,000						10,000
Cash and cash equivalents	270,803		(20,090)	457,228			707,941
	708,224						1,145,362
Assets classified as held for sale	286,500	(326,163)			39,663		—
Total current assets	994,724						1,145,362
Total assets	1,667,560						1,796,050

	Consolidated balance sheet of the Group as at 31 December 2019 (Audited)	Pro forma adjustments					Pro forma consolidated balance sheet of the Remaining Group as at 31 December 2019 (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)(vii))*	*(Note 2(d))*	
EQUITY AND LIABILITIES							
Equity attributed to owners of the Company							
Share capital	94						94
Share premium	962,777						962,777
Other reserves	327,065						327,065
Accumulated losses	(321,261)			66,446			(254,815)
	968,675						1,035,121
Non-controlling interests	110,771						110,771
Total equity	1,079,446						1,145,892
LIABILITIES							
Non-current liabilities							
Deferred government grants	34,381						34,381
Lease liabilities	8,327						8,327
Deferred income tax liabilities	32,117						32,117
Long-term borrowings	28,000						28,000
	102,825						102,825
Current liabilities							
Trade and bills payables	49,105						49,105
Other payables and accrued expenses	328,813		(90)		39,663	22,471	390,857
Contract liabilities	27,209						27,209
Borrowings	66,800						66,800
Lease liabilities	9,241						9,241
Current income tax liabilities	4,121						4,121
	485,289						547,333
Total liabilities	588,114						650,158
Total equity and liabilities	1,667,560						1,796,050

Unaudited pro forma consolidated statement of comprehensive income

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2019 (Audited)	Pro forma adjustments		Pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2019 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	
Revenue	812,160			812,160
Cost of sales	(227,708)			(227,708)
Gross profit	584,452			584,452
Other income	12,642			12,642
Selling and marketing expenses	(449,987)			(449,987)
Administrative expenses	(107,770)	122		(107,648)
Research and development costs	(47,363)			(47,363)
Other expenses	(4,454)			(4,454)
Other losses, net	(1,443)			(1,443)
Gain on disposal of subsidiaries	222,276		88,594	310,870
Operating profit	208,353			297,069
Finance income	3,309			3,309
Finance costs	(5,593)			(5,593)
Finance costs, net	(2,284)			(2,284)
Share of losses of investments accounted for using the equity method	(12,862)			(12,862)
Profit before income tax	193,207			281,923
Income tax expense	(4,961)		(22,148)	(27,109)
Profit for the year	188,246			254,814
Other comprehensive income for the year	—			—
Total comprehensive income for the year	188,246			254,814

Unaudited pro forma consolidated statement of cash flows

	Consolidated statement of cash flows of the Group for the year ended 31 December 2019 (Audited)	Pro forma adjustments		Pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2019 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 3(a))*	*(Note 3(b))*	
Cash flows from operating activities				
Cash used in operations	(39,192)	37	(37)	(39,192)
Income tax paid	(7,026)			(7,026)
Interest received	3,297			3,297
Net cash outflow from operating activities	(42,921)			(42,921)
Cash flows from investing activities				
Payments for short-term investments	(317,000)			(317,000)
Proceeds from maturity of short-term investments	274,404			274,404
Placement of term deposits with initial term of over three months	(170,000)			(170,000)
Withdrawal of term deposits with initial term of over three months	160,910			160,910
Purchases of financial assets measured at amortised cost	(90,000)			(90,000)
Proceeds from disposal of financial assets at amortised cost	90,794			90,794
Increase in restricted bank deposits	(27,924)			(27,924)
Purchases of property, plant and equipment	(45,880)			(45,880)
Addition to investment properties	(57,870)			(57,870)
Purchases of intangible assets	(338)			(338)
Investments in associate and joint ventures	(500)			(500)
Payments for liquidation of an associate	(1,560)			(1,560)
Distribution from a joint venture	3,941			3,941
Proceeds from disposal of subsidiaries, net	599,146		437,138	1,036,284
Proceeds from disposals of land use rights, property, plant and equipment	2,012			2,012
Addition to assets classified as held for sale	(14,204)			(14,204)
Deposits received in connection with a subsidiary to be disposed	92,868			92,868
Payment of transaction cost in connection with a subsidiary to be disposed	(11,400)			(11,400)
Repayment of advance received in connection with a subsidiary to be disposed	(6,000)			(6,000)
Net cash inflow from investing activities	481,399			918,537
Cash flows from financing activities				
Repayment of borrowings	(165,000)			(165,000)
Proceeds from borrowings	109,800			109,800
Principal elements of lease payments	(10,965)			(10,965)
Bank loan interest and other finance costs paid	(4,873)			(4,873)
Dividends paid to owners of the Company	(157,908)			(157,908)
Contribution from the owner	—	(20,127)	20,127	—
Net cash outflow financing activities	(228,946)			(228,946)
Net increase in cash and cash equivalents	209,532	(20,090)	457,228	646,670
Cash and cash equivalents at beginning of the period	61,759			61,759
Effects of exchange rate changes on cash and cash equivalents	(488)			(488)
Cash and cash equivalents at end of the period	270,803			707,941

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

1. The amounts are extracted from the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income and consolidated statement of cash flows as set out in the published annual report of the Group for the year ended 31 December 2019.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet assuming the Disposal had taken place on 31 December 2019:

   (a) Pursuant to the Equity Transfer Agreement, as one of the conditions precedents to the Disposal, on 14 August 2020, Beijing Outsell has transferred the Properties to the Disposal Company at the fair value of RMB402,300,000 and the fair value of the Properties exceeded the carrying amount of RMB326,163,000 as reflected at the books of Beijing Outsell by RMB76,137,000 (after considering the construction costs incurred since 1 January 2020 till 14 August 2020 (Note 2(c)(vii))). Such amount is reversed for the Remaining Group's consolidation purpose as the investment properties of the Group are measured on the basis of cost method.

   (b) The adjustments represent the de-recognition of assets or liabilities of the Disposal Company, assuming the Disposal had taken place on 31 December 2019. The assets or liabilities of the Disposal Company are extracted from the unaudited condensed balance sheet of the Disposal Company as at 14 August 2020 set out in the Appendix II to this circular.

   (c) The adjustments represent the estimated gain on the Disposal assuming which took place on 31 December 2019 and are calculated as follows:

		RMB'000
Consideration	*Note (i)*	483,000
Less: Construction costs incurred since 1 January 2020 till 14 August 2020	*Note (vii)*	(39,663)
		443,337
Less: Net assets of the Disposal Company as at 31 December 2019	*Note (ii)*	(328,971)
Estimated transaction costs relating to the Disposal	*Note (iv)*	(25,530)
Estimated stamp duty relating to the Disposal	*Note (v)*	(242)
Estimated income tax relating to the gain on the Disposal calculated at the applicable tax rate	*Note (vi)*	(22,148)
Estimated net gain on the Disposal		66,446

Notes:

(i) Consideration

Pursuant to the Equity Transfer Agreement, the Final Consideration for the Disposal is the Estimated Consideration of RMB463 million plus the amount equivalent to the cash minus the total liabilities of the Disposal Company as indicated in the closing statements amounting to RMB20 million. The closing statements refer to the balance sheet as at the date of the completion of the Disposal Company prepared by the Vendor in accordance with the PRC accounting standards and agreed by the Purchaser.

(ii) Net assets of the Disposal Company as at 31 December 2019 is determined as follows:

		RMB'000
Carrying amount of net assets of the Disposal Company attributable to Beijing Outsell as at 14 August 2020	*Note (iii)*	444,771
Reversal of fair value adjustment resulted from the shareholder's contribution as reflected in the unaudited condensed balance sheet of the Disposal Company, for the Remaining Group's consolidation purpose	*Note 2(a)*	(76,137)
Construction costs incurred since 1 January 2020 till 14 August 2020	*Note (vii)*	(39,663)
Net assets of the Disposal Company as at 31 December 2019		328,971

(iii) The amount represents the carrying amount of net assets of the Disposal Company attributable to the owner of the Disposal Company as at 14 August 2020, which is extracted from the unaudited condensed balance sheet of the Disposal Company as set out in the Appendix II to this circular.

(iv) Estimated transaction costs

The estimated transaction costs relating to the Disposal represents costs and expenses directly incurred for the Disposal of RMB25,530,000 which will be borne by the Group and are assumed to be settled in cash.

(v) Estimated stamp duty

The estimated stamp duty in relation to the Disposal represents the stamp duty tax in the People's Republic of China (the "**PRC**") of RMB242,000, which is calculated at the tax rate of 0.05% on the consideration of RMB483 million.

(vi) Estimated income tax

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 25% and the estimated taxable disposal gain arising from the transfer of equity interest in the Disposal Company. The Directors has assessed that the Vendor should have sufficient tax losses brought down from prior years to offset against the gain as arising from the Proposed Disposal and hence will utilise the deferred income tax as previously recognised.

(vii) Construction costs since 1 January 2020 till 14 August 2020

On 8 December 2019, the investment properties of approximately RMB286,500,000 related to the Properties have been transferred to assets classified as held for sale. As of 31 December 2019, the construction of the buildings and facilities of the Properties had not been fully completed. This adjustment represents the provision for of the construction costs to completion amounted to approximately RMB39,663,000 incurred in the period from 1 January 2020 to 14 August 2020.

(d) Reclassification at consolidation level

The amount represents the reclassification for the remaining Group of the value-added tax arisen from the Transfer as described in Note 2(a) at consolidation level.

(e) Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2019 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 2019:

(a) The adjustments represent the exclusion of the profits and cash flows of the Disposal Company for the period from 1 January 2020 to 14 August 2020 which are extracted from the unaudited condensed statement of comprehensive income and cash flows of the Disposal Company set out in Appendix II to this circular.

(b) The adjustments represent the estimated gain and the estimated net cash inflow from the Disposal calculated as follows:

		RMB'000
Consideration	*Note 2(c)(i)*	483,000
Less: Net assets of the Disposal Company as at 14 August 2020	*Note (i)*	(368,634)
Less: Estimated transaction costs attributable to the Disposal	*Note 2(c)(iv)*	(25,530)
Estimated stamp duty relating to the Disposal	*Note 2(c)(v)*	(242)
		88,594
Less: Estimated income tax relating to the gain on the Disposal calculated at the applicable tax rate	*Note 2(c)(vi)*	(22,148)
Estimated net gain on the Disposal		66,446

		RMB'000
Consideration to be received in cash	*Note 2(c)(i)*	483,000
Less: Estimated transaction costs relating to the Disposal	*Note 2(c)(iv)*	(25,530)
Estimated stamp duty in relation to the Disposal	*Note 2(c)(v)*	(242)
Cash and cash equivalents of the Disposal Company		(20,090)
Estimated net cash inflow from the Disposal		437,138

(i) Net assets of the Disposal Company as at 14 August 2020 is determined as follows:

		RMB'000
Carrying amount of net assets of the Disposal Company attributable to owner of the Disposal Company as at 14 August 2020	*Note (ii)*	444,771
Reversal of fair value adjustment resulted from the shareholder's contribution at consolidation level	*Note 2(a)*	(76,137)
Net assets of the Disposal Company as at 14 August 2020		368,634

(ii) The amount represents the net assets of the Disposal Company which is extracted from the unaudited condensed balance sheet of the Disposal Company as set out in Appendix II to this circular.

(c) Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2019 for the purpose of preparation of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

(d) 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 Disposal Company at the Closing Date and the Remaining Group prior to the Closing Date 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 Disposal Company, 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 Shenhuibiyuan Cloud Computing Technology Co., Ltd. (the "**Disposal Company**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2019, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2019, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages 27 to 35 of the Company's circular dated 28 August 2020, in connection with the proposed disposal of the Disposal Company (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 27 to 35 of the Circular.

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 31 December 2019 and the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Disposal had taken place at 31 December 2019 and 1 January 2019 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 consolidated financial statements for the year ended 31 December 2019, on which an audit 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 31 December 2019 or 1 January 2019 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 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, 28 August 2020

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 three financial years ended 31 December 2017, 2018 and 2019.

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 three financial years ended 31 December 2017, 2018 and 2019 are provided as follows:

	Tea Products Segment	Slimming and Other Medicines Segment
	RMB'000	*RMB'000*
For the financial year ended 31 December 2017		
Total Revenue	474,001	68,869
Segment Results	86,761	(12,118)
For the financial year ended 31 December 2018		
Total Revenue	298,423	79,955
Segment Results	15,510	(30,590)
For the financial year ended 31 December 2019		
Total Revenue	475,562	336,598
Segment Results	50,345	36,757

The Remaining Group will continuously take the e-commerce platform as the core of strategic development, closely follow the development trend of the industry and promote the upgrading of the e-commerce platform. In the second half of 2020, the Remaining Group will continue to focus on the operation of user assets, upgrade the member operation system, build a precise marketing application and member service system, accelerate the construction of a consumer-centered digital e-commerce system, achieve accurate marketing promotion, improve the circulation efficiency of purchasers and brand loyalty people, and digitally drive the growth of sale of e-commerce channels. In terms of the implementation of the strategy of big single product — Orlistat, the Remaining Group aims to achieve an aggregate market share of more than 50% of LARLLY Orlistat and Besunyen Orlistat as single products in the e-commerce platform. By entering the new track in the field of consumer health, the Remaining Group will create a new e-commerce pattern coexisting multiple models by virtue of the platform resources.

Liquidity and Capital Resources

For the year of 2017, funds and capital expenditures required for the operations of the Remaining Group mainly derived from cash flow generated from the operating activities and proceeds from the IPO and issue of shares. For the year of 2018, funds and capital expenditures required for the operations of the Remaining Group mainly derived from cash flow generated from operating activities and bank borrowings. For the year of 2019, funds and capital expenditure required for the operation of the Remaining Group mainly derived from cash flow generated from the operating activities, proceeds from the disposal of subsidiaries and bank borrowings.

Cash Flows

For the three financial years ended 31 December 2017, 2018 and 2019, cash and cash equivalents of the Remaining Group recorded a net decrease of RMB74.7 million, a net decrease of RMB17.5 million and a net increase of RMB646.2 million, respectively.

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, RMB56.6 million and RMB745.9 million as at 31 December 2017, 2018 and 2019, respectively.

The bank borrowings of the Remaining Group were RMB20.0 million, RMB150.0 million and RMB94.8 million as at 31 December 2017, 2018 and 2019, respectively.

Capital Expenditure

For the three financial years ended 31 December 2017, 2018 and 2019, the capital expenditure of the Remaining Group was RMB30.9 million, RMB49.0 million and RMB118.3 million, respectively, mainly including the expenditure on property, plant and equipment and intangible assets.

Inventories

The inventories of the Remaining Group include raw materials and packing materials, work-in-progress (semi-manufactured goods) and finished goods. For the three financial years ended 31 December 2017, 2018 and 2019, the total amount of the inventories of the Remaining Group was RMB17.7 million, RMB30.5 million and RMB60.2 million, respectively.

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 three financial years ended 31 December 2017, 2018 and 2019, 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 Health Product Development Co., Ltd. ("**Beijing Outsell**") entered into the equity transfer agreement and its supplementary agreement with Zhonghang Tuohong (Xi'an) Property Co., Ltd, an independent third party, ("**Zhonghang Tuohong**") and Beijing Besunyen Food and Beverage Co., Ltd. ("**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. Fordetails, 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: (1) 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 (2) 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 Group, Khorgos Besunyen Venture Investment Co., Ltd. ("**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. 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: (1) 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 (2) 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.

On 31 December 2018, A Li Yun Shan (Beijing) Business Consulting Co., Ltd., an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Tosalco Pte. Ltd., pursuant to which A Li Yun Shan (Beijing) Business Consulting Co., Ltd. has conditionally agreed to sell and Tosalco Pte. Ltd. has conditionally agreed to acquire 100% equity interest of Beijing Chang Sheng Business Consulting Co., Ltd. (the "**Target Company**", together with Beijing Besunyen Property Management Co., Ltd. ("**Besunyen Property**"), its wholly-owned subsidiary, collectively the "**Target Group**") at a consideration of RMB555.0 million, all of which will be paid by Tosalco Pte. Ltd. in cash. Besunyen Property's major asset is Besunyen Building. Upon completion of the above disposal, the Target Company will cease to be a subsidiary of the Company, and the financial results of members of the Target Group will cease to be incorporated into the Group's financial statements. For details, please refer to the announcements of the Company dated 31 December 2018, 22 February 2019 and 26 March 2019, and the circular of the Company dated 4 February 2019.

Save as disclosed above, for the three financial years ended 31 December 2017, 2018 and 2019, the Remaining Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

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. In 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.

Save as disclosed above, the Remaining Group for the three financial years ended 31 December 2017, 2018 and 2019 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 three financial years ended 31 December 2017, 2018 and 2019.

Pledge of Assets

For the three financial years ended 31 December 2017, 2018 and 2019, the Remaining Group mortgaged the assets with book value of RMB19.4 million, RMB113.2 million and RMB153.0 million, respectively to banks and third-party guarantee companies.

Gearing Ratio

For the three financial years ended 31 December 2017, 2018 and 2019, the Remaining Group's gearing ratio (total liabilities divided by total assets, in percentage) was 17.79%, 27.0% and 36.2%, respectively.

Contingent Liabilities and Guarantees

As of 31 December 2017, 2018 and 2019, the Remaining Group had no material contingent liabilities or guarantees.

Capital Commitments

For the three financial years ended 31 December 2017, 2018 and 2019, the capital expenditure of the Remaining Group on property, plant and equipment contracted for but not yet incurred was RMB12.7 million, RMB78.6 million and RMB21.8 million.

Human Resources Management

For the three financial years ended 31 December 2017, 2018 and 2019, the Remaining Group had 1,020, 1,121 and 1,187 employees in the PRC mainland and Hong Kong, which included 25, 13 and 12 promotional staff employed by employment agents, respectively. The total staff costs (including remunerations of the Directors and non-cash expenditure paid in shares) were RMB161.7 million, RMB156.2 million and RMB191.7 million, respectively.

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 attaches great importance to, and 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.

The following is the text of a letter, summary of values and valuation certificates 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 14 August 2020 of the property interests of the Group.

CONSULTING & APPRAISAL
亜太評估
Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A 12/F Kiu Fu Commercial Building,
300 Lockhart Road, Wan Chai,
Hong Kong

28 August 2020

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 Valuation date

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 Shenhuibiyuan Cloud Computing Technology Company Limited (北京申惠碧源雲計算科技有限公司) (the "**Target Company**"), 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 14 August 2020 (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

In arriving at the value of the land portion of the property, we have adopted the market approach. In valuing the buildings and structures of the property, we have adopted the cost approach.

The market approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Due to the nature of the buildings and structures of the property and the particular location in which they are situated, there are unlikely to be relevant market comparable sales comparables readily available, the buildings and structures of the property have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

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.

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 Target Company and have accepted advice given to us on such matters as tenure and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Target Company. We have also sought confirmation from the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have 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 Real Estate Title 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 Target 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 Target Company. We have also sought confirmation from the Target 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 documents and official site plans handed to us are correct. All documents 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 unless we have been otherwise instructed. 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. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

The site inspection was carried out in 16 January 2020 by Mr. David Cheng who is a member of Royal Institution of Chartered Surveyor and has over 20 years' experience in property valuation in the PRC; Ms. Alice Dong who have 16 years' experience and Ms. Maggie Wang who have 2 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is enclosed hereby for your attention.

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 Chartered Surveyor who has 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

VALUATION CERTIFICATE

Property interests held for owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
A parcel of land, and 7 buildings located at No. 18 Dadou Road, Doudian Town, Fangshan District, Beijing, The PRC	The property comprises a parcel of land with a site area of approximately 54,333.36 sq.m. and 7 buildings erected there on which were completed in various stages between 2014 and 2020. The buildings have a total gross floor area of approximately 77,191.65 sq.m., mainly include production workshops, warehouses, gatehouse. The land use rights of the property have been granted to the Target Company for a term commencing from 28 January 2008 and expiring on 27 January 2058 for industrial use.	The property was vacant as at the valuation date.	402,300,000

Notes:

1. Beijing Shenhuibiyuan Cloud Computing Technology Company Limited (北京申惠碧源雲計算科技有限公司) (the "**Target Company**"), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company.

2. Pursuant to 7 Real Estate Title Certificates — Jing (2020) Fang Bu Dong Chan Quan Di Nos. 0014429, 0014430, 0014434, 0014436, 0014439, 0014440 and 0014441, the land use rights of a parcel of land with a site area of approximately 54,333.36 sq.m. have been granted to Target Company for industrial use for a term commencing from 28 January 2008 and expiring on 27 January 2058, 7 buildings with a total gross floor area of approximately 77,191.65 sq.m. are owned by Target Company, and the details are set out as follows:

No.	**Building Name**	**Building Ownership Certificates/ Real Estate Title Certificates**	**GFA** *(Sq.m.)*
1.	Warehouse	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014429	25,809.44
2.	Gatehouse 1	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014430	38.84
3.	Gatehouse 2	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014434	38.84
4.	Research and Development Center 1	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014436	3,623.95
5.	Research and Development Center 2	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014439	3,623.95
6.	Manufacturing shop 1	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014440	7,501.51
7.	Manufacturing shop 2	Jing (2020) Fang Bu Dong Chan Quan Di No. 0014441	36,555.12
	Total:		**77,191.65**

3. In valuing the subject land, we have referenced to transactions of comparable with the same land use as the property in the same district. The price per land area of these comparable land range from RMB1,636 per sq.m. to RMB1,974 per sq.m. Appropriate adjustments and analysis are considered to the location, size, plot ratio, market trend and other characters. The adopted unit land price to the property is RMB1,670 per sq.m.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, *inter alia*, the following: the Target Company, as the sole owner, has legally obtained the land use rights under the Real Estate Title Certificates mentioned in note 2 and is entitled to legally occupy, use, transfer, lease, invest as capital contribution, mortgage or otherwise dispose of the aforesaid land, and the aforesaid land use rights are not found subject to dispute, sequestration, distraint, auction and other enforcement measures or any other encumbrances.

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]	837,255,216[1][L]	51.36%
Ms. GAO Yan	Beneficial owner and interest of her spouse [2][3]	837,255,216[2][L]	51.36%
Mr. ZHUO Fumin	Beneficial owner and interest of his spouse	736,000[4][L]	0.05%
Mr. REN Guangming	Beneficial owner	970,000[5][L]	0.06%
Mr. HE Yuanping	—	—	—
Mr. FU Shula	Beneficial owner	200,000[6][L]	0.01%

Notes:

(1) Mr. Zhao Yihong, executive Director, beneficially owns 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) 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 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) 4,000,000 options granted under the Share Option Scheme, which are beneficially owned by Mr. Zhao.

(3) The entire 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.

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

(6) Mr. Fu Shula, independent non-executive Director, beneficially owns 200,000 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 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 required to be kept by the Company, 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%
Ms. PENG Wei(2)	128,115,000(L)	7.86%
Everyoung Investment Holdings Limited(3)	123,750,000(L)	7.59%

Notes:

(1) The entire 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) 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 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.

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 2019 (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 Latest Practicable Date, 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 termination agreement entered into between the Company and Aurum, the subscriber on 28 September 2018 to terminate the share subscription agreement entered into between the two parties 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;

(ii) the equity transfer agreement entered into between A Li Yun Shan and Tosalco on 31 December 2018, in relation to the sale of 100% equity interests in Beijing Chang Sheng by A Li Yun Shan to Tosalco for a consideration of RMB555,000,000;

(iii) the agreement entered into among the Vendor, Tenglong Shengyuan, Zhonghang Tuohong, Besunyen Food and Beverage and Tibet Besunyen Trading on 10 July 2019, in relation to release the binding effect on Zhonghang Tuohong by the equity transfer agreement signed by the Vendor, Zhonghang Tuohong and Besunyen Food and Beverage on 10 March 2017 and its supplemental agreement;

(iv) the equity transfer agreement entered into among the Vendor, Tenglong Shengyuan and Besunyen Food and Beverage on 10 July 2019, in relation to the sale of 100% equity interests in Besunyen Food and Beverage by the Vendor and Tibet Besunyen Trading to Tenglong Shenyuan for a consideration of RMB75,000,000; and Tenglong Shengyuan agreed to repay the debts owed to the Vendor by Besunyen Food and Beverage of RMB50,000,000 on its behalf;

(v) the construction general contracting agreement entered into between the Vendor and Beijing Hengtong on 10 July 2019, in relation to the undertaking of the construction and installation of the No. 2 production workshop by Beijing Hengtong for a consideration of RMB113,783,798.65; and

(vi) the Equity Transfer Agreement.

9. EXPERTS AND CONSENTS

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 2019 (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., Block D, 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 Chartered Governance Institute 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 Units 2005C-2006A, 20/F., Exchange Tower, No. 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular until 14 September 2020:

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

(ii) the annual reports of the Company for 2019 and 2018;

(iii) the report from PricewaterhouseCoopers in respect of the review of the unaudited condensed 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 financial information of the Remaining Group, the text of which is set out in Appendix III 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 Units 2005C–2006A, 20/F., Exchange Tower, No. 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong at 10:30 a.m. on 15 September 2020 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 14 August 2020 (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 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 may in his/her 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, 28 August 2020

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. Ren Guangming, Mr. He Yuanping and Mr. Fu Shula.

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, at 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 10 September 2020 to 15 September 2020, 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 15 September 2020. 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 9 September 2020.

(4) **IMPORTANT:** Should the coronavirus continue to affect Hong Kong at or around the time of the Meeting, depending on the coronavirus situation at the time, the Company may need to take certain precautions at the Meeting, such as (but not limited to) (1) temperature checks; (2) requiring wearing of surgical face mask; (3) no refreshments, drinks and gifts will be provided. Should anyone seeking to attend the Meeting decline to submit to these requirements or be found to be suffering from a fever or otherwise unwell, the Company reserves the right to refuse such person's admission to the Meeting.