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碧生源控股有限公司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

**PROFIT WARNING AND
SUPPLEMENTAL INFORMATION IN RELATION TO THE 2020 ANNUAL
REPORT**

Profit Warning

This announcement is made by Besunyen Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the management accounts and the preliminary estimation of sales performance by the Company, the Group’s revenue for the year ending 31 December 2021 is expected to decrease by approximately 4% to 7% as compared to 2020, and the Group may record a net loss attributable to the Shareholders of approximately RMB50 million to RMB70 million for the year ending 31 December 2021 (the potential gains/losses for the fourth quarter of investments accounted for using the equity method have not been taken into account in these estimated amounts). Compared with the net profit attributable to the Shareholders of approximately RMB45.5 million recorded in 2020 (including the one-off gain of approximately RMB80.11 million on disposal of subsidiaries), the estimated net loss attributable to the Shareholders for the year of 2021 is mainly attributable to the facts that: (i) the Group formally implemented its sales channel diversification strategy since early September this year, and in the course of the implementation of this strategy, the Group’s revenue, especially those of higher gross margin products, Besunyen Detox Tea, Besunyen Slimming Tea and Besunyen Fit Tea (collectively, the “**Three Teas**”), experienced temporary decrease due to the re-layout in sales and marketing forces and at the same time, due to the Group’s product diversification strategy in recent years, the Three Teas and Besunyen Orlistat weight-loss capsule (“**Besunyen**

Orlistat”) with higher gross margins accounted for lower percentages of the Group’s revenue, resulting in the decreases in both the overall gross profit margin and gross profit of the Group; and (ii) the initial investment in the Group’s digital transformations in future years caused temporary increase in the administrative expenses. The Group’s main revenue has been sustainedly generated from the Three Teas and Besunyen Orlistat in the past, while the Group’s sales channels in offline pharmacies and online e-commerce platforms are relatively stable, through this strategic adjustment, the Group expects to achieve major initiatives including expanding new channels, developing new products and digital transformation to bring new development opportunities for the Group.

As year 2021 has not yet ended, the annual results of the Group for the year ending 31 December 2021 have not been finalized. The information contained in this announcement represents the preliminary estimate by the management of the Company with reference to the consolidated management accounts of the Group, which has not been audited or reviewed by the auditor of the Company. Specific and accurate financial information will be disclosed in the annual results announcement of the Company for the year ending 31 December 2021, which will be published by the Company in March 2022.

Supplemental Information in Relation to the 2020 Annual Report

Reference is made to the Company’s annual report for the year ended 31 December 2020 (the “**Annual Report**”). Unless otherwise defined, capitalized terms used in the following paragraph shall have the same meanings as those defined in the Annual Report. In addition to the disclosure in note 2.23(a) to the consolidated financial statements of the Company for the year ended 31 December 2020 in the Annual Report, the Board would like to provide further information as set out below about the Group’s defined contribution plan:

According to the relevant rules and regulations in the PRC, the contributions borne by the Group under the PRC government mandated multi-employer defined contribution plan are principally determined based on certain percentages of the salaries of employees, subject to certain ceilings. The Group’s liability in respect of the plan is limited to the contributions payable in each year.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 October 2021

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Yihong (Chairman and Chief Executive Officer) and Ms. Gao Yan (Vice Chairman); the non-executive director of the Company is Mr. Zhuo Fumin; and the independent non-executive directors of the Company are Mr. Ren Guangming, Mr. He Yuanping and Mr. Fu Shula.