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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)

**PROPOSED SHARE CONSOLIDATION
AND
CLOSURE OF REGISTER OF MEMBERS**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every forty (40) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among others, the approval by the Shareholders at the EGM.

As at the date of this announcement, there are 1,630,207,820 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 40,755,195 Consolidated Shares in issue which are fully paid or credited as fully paid.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before 29 March 2022.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every forty (40) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among others, the approval by the Shareholders at the EGM.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is USD49,999.98 divided into 6,000,000,000 shares of par value of USD0.00000833333 each, of which 1,630,207,820 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become USD49,999.98 divided into 150,000,000 Consolidated Shares of par value of USD0.0003333332 each, of which 40,755,195 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of Cayman Islands and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on 19 April 2022 subject to the fulfilment of the above conditions.

Listing Application

An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding share options (the “Options”) entitling the holders thereof to subscribe for up to an aggregate of 18,520,000 Existing Shares under the share option scheme adopted by the Company on 8 September 2010 (the “Share Option Scheme”). The scheme period of the Share Option Scheme ended at the end of 29 September 2020, after which no further share options shall be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any outstanding share options. Details of such Options are set out as follows:

Name of Grantee	Date of Grant	Before Adjustment		After Adjustment	
		Exercise price per Existing Share (HK\$)	No. of Existing Shares to be issued upon full exercise of the Options	Exercise price per Consolidated Share (HK\$)	No. of Consolidated Shares to be issued upon full exercise of the Options
Directors					
ZHAO Yihong	27 October 2014	1.00	4,000,000	40.00	100,000
GAO Yan	27 October 2014	1.00	1,000,000	40.00	25,000
ZHUO Fumin	27 October 2014	1.00	600,000	40.00	15,000
REN Guangming	27 October 2014	1.00	600,000	40.00	15,000
Employees in aggregate	27 October 2014	1.00	<u>12,320,000</u>	40.00	<u>308,000</u>
Total			<u>18,520,000</u>		<u>463,000</u>

Further announcement will be made in respect of the said adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

NO CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 1,000 Existing Shares. The existing board lot size of 1,000 Shares will remain unchanged upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.112 per Existing Share (equivalent to the theoretical closing price of HK\$4.48 per Consolidated Shares) as at the date of this announcement, (i) the value of each board lot of 1,000 Existing Shares is HK\$112; and (ii) the value of each board lot of 1,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$4,480.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange, (i) the market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. Over the past 12 months, the existing board lot value of the Company has been constantly less than HK\$2,000. In addition, the Shares would be considered to trade close to extremity from December 2021 to March 2022 with the lowest price being HK\$0.109 per share on 9 March 2022. The Company has always been exploring opportune moments to increase the trading price and restore the board lot value to a value greater than HK\$2,000 per board lot to be compliant with the “Guide on Trading Arrangements for Selected Types of Corporate Actions”. The Board therefore proposes the Share Consolidation for the purpose of increasing the trading price, reducing the transaction costs and fees per transaction and increasing the liquidity of the Shares.

It is expected that the Share Consolidation will enable the Company to comply with the trading requirements under the Listing Rules and the “Guide on Trading Arrangements for Selected Types of Corporate Actions”, and bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. The Share Consolidation will also increase the value of each new board lot. Furthermore, as the theoretical market value of each board lot of the Consolidated Shares upon the Share Consolidation becoming effective will be higher than the market value of each board lot of the Existing Shares, the transaction cost as a proportion of the market value of each board lot will be lower. Typically, transaction fees are charged either per board lot or by trading amount. For transaction fees charged per board lot, transaction costs of dealings in fewer board lots are lower than those for more board lots. For transaction fees charged by trading amount, particularly for those that are subject to a minimum charge, increasing the value of each board lot will save costs for investors. This would in turn maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company. It is hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and thus help to further broaden the shareholder base of the Company. It is also expected that the liquidity in trading of the Existing Shares will increase accordingly.

In view of the above reasons, the Company considers the Share Consolidation to be justifiable notwithstanding of the potential costs and impact arising from creation of odd lots (if any) to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

As at the date of this announcement, the Company has no intention to carry out corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of Certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 19 April 2022, Shareholders may on or after Tuesday, 19 April 2022 and until Friday, 27 May 2022 (both days inclusive), submit their existing share certificates in green colour for the Existing Shares 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 for exchange for share certificates in blue colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of share certificates.

With effect from Friday, 27 May 2022, trading will only be in Consolidated Shares which share certificates will be issued in blue colour. Existing share certificates in green colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

2022

Despatch date of the circular with notice and form of proxy of the EGM	Tuesday, 29 March
Latest date and time for lodging transfers of shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 7 April
Closure of register of members for the entitlement to attend and vote at the EGM	Friday, 8 April to Wednesday, 13 April (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM (no less than 48 hours prior to time of the EGM)	10:30 a.m. on Monday, 11 April
Record date for attendance and voting at the EGM	Wednesday, 13 April
Date and time of the EGM	10:30 a.m. on Wednesday, 13 April
Publication of the announcement of the results of the EGM	Wednesday, 13 April

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

- Effective date of the Share Consolidation Tuesday, 19 April
- First day of free exchange of existing share certificates
for new share certificates for Consolidated Shares. Tuesday, 19 April
- Dealing in the Consolidated Shares commences 9:00 a.m. on
Tuesday, 19 April
- Original counter for trading in the Existing Shares in
board lots of 1,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 19 April
- Temporary counter for trading in the Consolidated
Shares in board lots of 25 Consolidated Shares (in the
form of existing share certificates) opens 9:00 a.m. on
Tuesday, 19 April
- Original counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares (in the
form of new share certificates for the Consolidation
Shares) re-opens 9:00 a.m. on
Wednesday, 4 May
- Parallel trading in the Consolidated Shares (in the form
of new share certificates for the Consolidated Shares
and existing share certificates) commences 9:00 a.m. on
Wednesday, 4 May
- Designated broker starts to stand in the market to
provide matching services for odd lots of the
Consolidated Shares. 9:00 a.m. on
Wednesday, 4 May
- Designated broker ceases to stand in the market to
provide matching services for odd lots of the
Consolidated Shares. 4:00 p.m. on
Wednesday, 25 May
- Temporary counter for trading in the Consolidated
Shares in board lots of 25 Consolidated Shares (in the
form of existing share certificates) closes 4:10 p.m. on
Wednesday, 25 May

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidation Shares and existing share certificates) ends4:10 p.m. on Wednesday, 25 May

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares Friday, 27 May

WARNING

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 8 April 2022 to Wednesday, 13 April 2022 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares, accompanied by the relevant share certificate(s), must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on 7 April 2022.

For more information regarding the EGM, please refer to the tentative timetable as set out in this announcement. Further details regarding the notice of the EGM and the final timetable shall be contained in the circular to be issued and despatched by the Company.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before 29 March 2022.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Company”	Besunyen Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of USD0.000333332 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation
“Existing Share(s)”	ordinary share(s) of USD0.00000833333 each in the existing share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	the Existing Share(s) and/or as the case may be, the Consolidated Share(s)
“Share Consolidation”	the proposed share consolidation on the basis that every forty (40) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States

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

Hong Kong, 18 March 2022

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.