

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*



**碧生源控股有限公司**

**BESUNYEN HOLDINGS COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 926)**

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE  
HELD ON THE RECORD DATE;  
(2) CLOSURE OF REGISTER OF MEMBERS;  
AND  
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER  
THE SHARE OPTION SCHEME**

**Financial adviser to the Company**



**Underwriter**



## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$1.75 per Rights Share, to raise up to (i) approximately HK\$142.6 million before deducting the costs and expenses by way of issuing up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$144.0 million before deducting the costs and expenses by way of issuing up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue (after deducting the costs and expenses relating to the Rights Issue) will be (i) approximately HK\$138.8 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$140.2 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), if fully subscribed. Details of the intended use of the net proceeds from the Rights Issue are set out in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

## **THE IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, (a) Mr. Zhao is interested in 20,867,194 Shares and 100,000 Share Options, representing approximately 51.20% and 0.25% of the issued Shares, respectively; and (b) Ms. Gao is interested in 58,025 Shares and 25,000 Share Options, representing approximately 0.14% and 0.06% of the issued Shares, respectively. Pursuant to the Irrevocable Undertakings, each of Mr. Zhao and Ms. Gao has irrevocably and unconditionally undertaken to the Company, among other things, that:

- (i) Mr. Zhao and Ms. Gao will subscribe for 41,734,388 Rights Shares (or 41,934,388 Rights Shares, assuming the full exercise of the Share Options, as the case may be) and 116,050 Rights Shares (or 166,050 Rights Shares, assuming the full exercise of the Share Options, as the case may be), respectively, which comprise the full acceptance of their provisional entitlement by the Latest Acceptance Date; and
- (ii) Mr. Zhao and Ms. Gao will not sell, and will procure that companies controlled by them not to, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them and such Shares will remain beneficially owned by each of them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

#### **UNDERWRITING ARRANGEMENT**

On 12 July 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the proposed Rights Issue, pursuant to which, the Underwriter has agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for any unsubscribed Rights Shares (other than the Undertaking Rights Shares to be taken up by Mr. Zhao and Ms. Gao pursuant to the Irrevocable Undertakings) subject to the terms and conditions set out in the Underwriting Agreement, in particular, the fulfillment of the conditions contained therein.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. Based on the Irrevocable Undertakings given by Mr. Zhao and Ms. Gao, it is anticipated that 41,850,438 Rights Shares (or 42,100,438 Rights Shares, assuming the full exercise of the Share Options, as the case may be) will be taken up.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 24 August 2022 to Tuesday, 30 August 2022 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

As at the date of this announcement, there are 383,000 outstanding Share Options granted by the Company, which are exercisable into 383,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A(1), the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, (i) Mr. Zhao, being an executive Director, the chairman and chief executive officer of the Company; and (ii) and Ms. Gao, being an executive Director and the spouse of Mr. Zhao hold 20,867,194 Shares and 58,025 Shares, representing approximately 51.20% and 0.14% of the issued Shares, respectively. Accordingly, Mr. Zhao, Ms. Gao and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM in accordance with Rule 7.27A (1) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Zhao and Ms. Gao, no other Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

## **GENERAL**

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ren Guangming, Mr. He Yuanping and Mr. Fu Shula, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser to be appointed by the Company. In this connection, the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

The Circular to be issued by the Company will contain, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 29 July 2022.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. Copies of the Prospectus Documents will also be made available on the websites of the Company (<http://ir.besunyen.com/>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date but will not send any PAL or EAF to them.

## **WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed “Underwriting arrangement — Termination of the Underwriting Agreement” in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 22 August 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 2 September 2022 to Friday, 9 September 2022 (both dates inclusive).

Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$1.75 per Rights Share, to raise up to (i) approximately HK\$142.6 million before deducting the costs and expenses by way of issuing up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$144.0 million before deducting the costs and expenses by way of issuing up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The terms of the Rights Issue are set out below:

### **Rights Issue statistic**

Basis of the Rights Issue : two (2) Rights Shares for every one (1) Share held by the Shareholders on the Record Date

Subscription Price : HK\$1.75 per Rights Share

Number of whole Shares in issue as at the date of this announcement	:	40,755,195 Shares
Number of Rights Shares	:	<p>a) Up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or</p> <p>b) Up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)</p>
Undertaking Rights Shares	:	41,850,438 Rights Shares (or 42,100,438 Rights Shares, assuming the full exercise of the Share Options owned by Mr. Zhao and Ms. Gao), being the aggregate number of Rights Shares undertaken to be subscribed by Mr. Zhao and Ms. Gao under the Irrevocable Undertakings
Aggregate nominal value of the Rights Shares	:	<p>a) Up to US\$27,170.12 (assuming no change in the number of Shares in issue on or before the Record Date); or</p> <p>b) Up to US\$27,425.45 (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)</p>
Number of whole Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	<p>a) Up to 122,265,585 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or</p> <p>b) Up to 123,414,585 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)</p>
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

- Total funds to be raised (before expenses) : a) Up to approximately HK\$142.6 million (assuming no change in the number of Shares in issue on or before the Record Date); or
- b) Up to approximately HK\$144.0 million (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
- Underwriter : Lego Securities Limited

As at the date of this announcement, there are 383,000 outstanding Share Options granted by the Company, which are exercisable into 383,000 Shares. Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the number of 81,510,390 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 200% of the existing issued Shares as at the date of this announcement; and (ii) approximately 66.67% of the issued Shares as enlarged by the allotment and issue of the Rights Shares.

Assuming that there is no change in the number of issued Shares on or before the Record Date other than the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the number of 82,276,390 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 201.88% of the existing issued Shares as at the date of this announcement; and (ii) approximately 66.67% of the issued Shares as enlarged by the allotment and issue of the Rights Shares.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. Based on the Irrevocable Undertakings given by Mr. Zhao and Ms. Gao, it is anticipated that 41,850,438 Rights Shares (or 42,100,438 Rights Shares, assuming the full exercise of the Share Options, as the case may be) will be taken up. In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.



## Subscription Price

The Subscription Price of HK\$1.75 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 14.22% to the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.87% to the average closing price of approximately HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 22.57% to the average closing price of approximately HK\$2.26 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 5.91% to the theoretical ex-entitlement price of approximately HK\$1.86 per Share based on the benchmarked price, being the average closing price of HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 10.58% represented by the theoretical diluted price of approximately HK\$1.86 per Share to the benchmarked price, being the average closing price of HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (vi) a discount of approximately 92.63% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2021 of approximately HK\$23.76 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB827,517,000 (equivalent to approximately HK\$968,194,890) as at 31 December 2021 as set out in the 2021 Annual Report and 40,755,195 Shares in issue as at the date of this announcement.

The Subscription Price was determined by the Company with reference to, among other things, the amount of fund raising targeted by the Company under the Rights Issue (details of which are set out in the section headed “Reasons for the Rights Issue and use of proceeds”) and the market price of the Shares under the prevailing market conditions.

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the Circular after having been advised by the Independent Financial Adviser) consider that the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

In view of the reasons for the Rights Issue stated in the section headed “Reasons for the Rights Issue and use of proceeds” below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$1.70 (assuming no change in the number of Shares in issue on or before the Record Date) or HK\$1.70 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

#### **Basis of provisional allotment**

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Share held by the Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Acceptance Date.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

#### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must (i) be registered as a member of the Company at the close of business on the Record Date; and (ii) be a Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 23 August 2022.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Wednesday, 31 August 2022.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

**If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

### **Rights of Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder’s address on the Company’s register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Based on the register of members of the Company, as at 30 June 2022, the Company had one Overseas Shareholder located in Macau.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the legality and feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully paid

form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date, but will not send any PAL and EAF to them.

Arrangements will be made for the nil-paid Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The net proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries to be made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.**

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Adjustments to entitlements**

As the Rights Issue will proceed on a best effort basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or EAF(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code.

Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under

the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

### **Odd Lot Arrangement**

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Monday, 26 September 2022 to Monday, 17 October 2022 (both days inclusive) on a best effort basis. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus.

### **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to, by way of excess application, apply for excess Rights Shares, which comprise (i) any unsold Rights Shares which would have been provisionally allotted to the Non-Qualifying Shareholders (if any); (ii) any Rights Shares provisionally allotted to but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of Rights Shares in nil-paid form; and (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders and only by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Thursday, 15 September 2022.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they

have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares. For the purpose of the Rights Issue, the Company will consider the excess application(s) of Mr. Zhao and Ms. Gao in accordance with Rule 7.21(3)(b) of the Listing Rules. As at the date of this announcement, none of Mr. Zhao and Ms. Gao have expressed any intention to apply for excess Rights Shares.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owners prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 23 August 2022.

Any Rights Shares (excluding those in respect of the Undertaking Shares) not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter and/or subscribers procured by it pursuant to the terms and conditions of the Underwriting Agreement.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Rights Shares in their nil-paid or fully-paid forms and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

### **Application for listing in nil-paid and fully-paid forms**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Share certificates and refund cheques for the Rights Shares**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 23 September 2022. If the Rights Issue does not proceed, refund cheques will be posted on or before Friday, 23 September 2022 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Friday, 23 September 2022 to the applicants without interest at their registered addresses by ordinary post at their own risk.

## **The Irrevocable Undertakings**

As at the date of this announcement, (a) Mr. Zhao is interested in 20,867,194 Shares and 100,000 Share Options, representing approximately 51.20% and 0.25% of the issued Shares, respectively; and (b) Ms. Gao is interested in 58,025 Shares and 25,000 Share Options, representing approximately 0.14% and 0.06% of the issued Shares, respectively. Pursuant to the Irrevocable Undertakings, each of Mr. Zhao and Ms. Gao has irrevocably and unconditionally undertaken to the Company, among other things, that:

- (i) Mr. Zhao and Ms. Gao will subscribe for 41,734,388 Rights Shares (or 41,934,388 Rights Shares, assuming the full exercise of the Share Options, as the case may be) and 116,050 Rights Shares (or 166,050 Rights Shares, assuming the full exercise of the Share Options, as the case may be), respectively, which comprise the full acceptance of their provisional entitlement by the Latest Acceptance Date; and
- (ii) Mr. Zhao and Ms. Gao will not sell, and will procure that companies controlled by them not to, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them and such Shares will remain beneficially owned by each of them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.



## Underwriting arrangement

On 12 July 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the proposed Rights Issue, pursuant to which the Underwriter has agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for any unsubscribed Rights Shares (other than the Undertaking Rights Shares to be taken up by Mr. Zhao and Ms. Gao pursuant to the Irrevocable Undertakings) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

Principal terms of the Underwriting Agreement are as follows:

Date : 12 July 2022 (after trading hours)

Underwriter : Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Number of Rights Shares to be underwritten : Subject to the terms and conditions of the Underwriting Agreement, the Underwriter agreed to procure, on a best effort basis, the subscription (but will not itself subscribe) for, excluding the Undertaking Rights Shares to be taken up by Mr. Zhao and Ms. Gao pursuant to the Irrevocable Undertakings,

(i) up to 39,659,952 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or

(ii) up to 40,175,952 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date).

Commission : the higher of

- (i) a commission of 1.0% of the sum resulting from multiplying the Subscription Price by the number of Underwritten Shares actually procured by the Underwriter or its sub-underwriters for subscription (such commission shall include sub-underwriting commission and expenses relating to sub-underwriting (if any) which shall be borne by the Underwriter); and
- (ii) a fixed amount of HK\$150,000.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, the market price of the Shares and the prevailing market rate of similar transactions. The Directors (excluding the independent non-executive Directors whose opinion will be set out in the Circular after having been advised by the Independent Financial Adviser) consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) (if any) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

### **Conditions of the Rights Issue and the Underwriting Agreement**

The completion of the Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Posting Date and the posting of the Prospectus to the Non-Qualifying Shareholders (if any), for information purpose only;

- (c) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the announcement(s) (if any)) and (ii) no indication being received on the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (d) the Listing Committee granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (e) the compliance with and performance of all the undertakings and obligations of Mr. Zhao and Ms. Gao under the Irrevocable Undertakings; and
- (f) the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement at or before the Latest Time for Termination.

As at the date of this announcement, none of the conditions has been satisfied. If the conditions have not been fulfilled in all respects by the Latest Time for Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

#### **Termination of the Underwriting Agreement**

If at any time at or prior to the Latest Time for Termination:

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or

armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

**If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of any antecedent breach of any obligations under the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

#### **Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 24 August 2022 to Tuesday, 30 August 2022 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## Expected Timetable for the Rights Issue

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

<b>Events</b>	<b>Hong Kong Date and Time 2022</b>
Publication of this announcement. . . . .	Tuesday, 12 July
Expected despatch date of the circular, proxy form and notice of the EGM in relation to the Rights Issue. . . . .	Friday, 29 July
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM . . . . .	4:30 p.m. on Friday, 12 August
Closure of register of members of the Company for attending and voting at the EGM (both dates inclusive). . . . .	Monday, 15 August to Thursday, 18 August
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM) . . . . .	10:30 a.m. on Tuesday, 16 August
Record date for determining entitlements and voting at the EGM . . . . .	Thursday, 18 August
Expected date and time of EGM to approve the proposed Rights Issue. . . . .	10:30 a.m. on Thursday, 18 August
Announcement of the poll result of the EGM . . . . .	Thursday, 18 August
Register of members of the Company re-opens . . . . .	Friday, 19 August
Last day of dealings in Shares on a cum-rights basis . . . . .	Friday, 19 August
First day of dealings in Shares on an ex-rights basis. . . . .	Monday, 22 August
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue. . . . .	4:30 p.m. on Tuesday, 23 August

**Events****Hong Kong Date and Time  
2022**

Closure of register of members to determine the eligibility of the Rights Issue (both days inclusive) . . . . .	Wednesday, 24 August to Tuesday, 30 August
Record Date for determining entitlements to the Rights Issue. . . . .	Tuesday, 30 August
Register of members of the Company re-opens . . . . .	Wednesday, 31 August
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only). . . . .	Wednesday, 31 August
First day of dealings in nil-paid Rights Shares. . . . .	Friday, 2 September
Latest time for splitting of PAL . . . . .	4:30 p.m. on Tuesday, 6 September
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 9 September
Latest time for acceptance of and payment for the Rights Issue and application for and payment for the excess Rights Shares . . .	4:00 p.m. on Thursday, 15 September
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:30 p.m. on Friday, 16 September
Announcement of the results of the Rights Issue . . . . .	Thursday, 22 September
Despatch of certificates for the fully-paid Rights Shares or refund cheques if the Rights Issue is terminated/unsuccessful applications for excess Rights Shares . . . . .	Friday, 23 September
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Monday, 26 September
Designated broker starts to stand in the market to provide matching service for odd lots of Shares . . . . .	Monday, 26 September
Designated broker ceases to stand in the market to provide matching service for odd lots of Shares . . . . .	4:00 p.m. on Monday, 17 October

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

### **Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares**

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Thursday, 15 September 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

### **Reasons for the Rights Issue and use of proceeds**

The Group is principally engaged in the research and development, production, sale and promotion of therapeutic teas and medicines.

As disclosed in the 2021 Annual Report, the Group recorded cash and cash equivalents of approximately RMB216.0 million (equivalent to approximately HK\$252.7 million) as at 31 December 2021. Taking into consideration of (i) the Group’s total borrowings of approximately RMB243.7 million (equivalent to approximately HK\$285.1 million) as at 31 December 2021. As at the date of this announcement, the Group’s total borrowings of approximately RMB71.4 million (equivalent to approximately HK\$83.5 million) will fall due by 31 March 2023; (ii) the Group’s net cash used in operating activities of approximately RMB145.5 million (equivalent to approximately HK\$170.2 million) for the year ended 31 December 2021; and (iii) the net loss of the Group of approximately RMB114.0 million (equivalent to approximately HK\$133.4 million) for the year ended 31 December 2021, the Directors consider that it is essential for the Group to reserve sufficient available cash to fulfill the repayment obligations and improve the gearing ratio while maintaining the size of the Group’s operation.

Moreover, competitions in the pharmaceutical industry became progressively fierce due to the changes in policies, the market and communication environment and the upgrade of sales models and people's concept of health consumptions. Hence, the Group continued to develop a multi-channel sales model based on e-commerce platform, and actively adjusted its marketing strategy and pinpointed precise functional and marketing positions for its products so as to lay a solid foundation for the Group's future development. In 2021, the Group set up the new retail business division (the "**New Retail Business Division**") to carry out systematic management on short video and live-streaming marketing, and to provide quality and professional services to customers through the social customer management system platform and artificial intelligence customer services tools newly introduced, and thus increasing the repurchase rate of products. Further, the pandemic of novel coronavirus pneumonia (COVID-19) has brought additional uncertainties in the Group's operating environment and such unfavourable and uncertain market conditions shall persist for a period of time. In view of the challenging operating environment, the Company considers it appropriate to maintain a healthy cash level to meet the Group's operating requirements and any unforeseen capital requirements from time to time. The Board considers it necessary to conduct fund raising activities to strengthen the financial position of the Group amid challenging market condition.

Assuming all Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be (i) approximately HK\$138.8 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$140.2 million (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately 48.8% (being approximately HK\$67.9 million (or HK\$68.5 million) (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for settlement of the outstanding indebtedness of the Group;
- (ii) approximately 23.6% (being approximately HK\$32.7 million (or HK\$33.0 million) (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for advertising and marketing expenses to deepen the development on young consumer groups by leveraging the brand communication way in multi-channels;
- (iii) approximately 16.1% (being approximately HK\$22.3 million (or HK\$22.6 million) (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for developing the New



Retail Business Division, including but not limited to implement digital transformation to formulate a fully digitalized operation system, and to capture the diversified demands from users precisely through the digitalized operation; and

- (iv) approximately 11.5% (being approximately HK\$15.9 million (or HK\$16.1 million) (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) as general working capital of the Group, including but not limited to its daily operational expenses for rent and its staff, and for research and development expenses of the Group.

The Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Rights Shares (excluding those Undertaking Rights Shares) that are not taken up under the PALs and EAFs will be subscribed by subscribers procured by the Underwriter, on a best effort basis, pursuant to the Underwriting Agreement. Any Rights Shares that are not taken up under the PALs and EAFs and also not subscribed by the subscribers procured by the Underwriter will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. Assuming the Rights Issue is undersubscribed, except for those Rights Shares to be provisionally allotted to Mr. Zhao and Ms. Gao, the amount of net proceeds will be (i) approximately HK\$69.4 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$69.9 million (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date). In such event, the Group intends to apply the net proceeds from the Rights Issue as to approximately HK\$67.9 million (or HK\$68.5 million) (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)) for settlement of the outstanding indebtedness of the Group, and the remaining net proceeds will be applied to the other usages as set out above on a pro-rata basis.

The Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and equity fund raising.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner as it may be subject to lengthy due diligence and negotiations with financial institutions, it may as well require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company, which is not the intention of the Company.

In comparison, the Board considers that the Rights Issue provides a good opportunity for the Group to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms and avoid dilution. The Rights Issue will allow the Qualifying Shareholders to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability), therefore the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

As at the date of this announcement, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

#### **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

As at the date of this announcement, there are 383,000 outstanding Share Options granted by the Company, which are exercisable into 383,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

#### **EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

For illustration purposes only, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue, assuming nil acceptance by the Shareholders (except the Undertaking Rights Shares); and (iv) immediately after completion of the Rights Issue,

assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (except the Undertaking Rights Shares) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance by the Shareholders (except the Undertaking Rights Shares) <sup>Note 4</sup>		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (except the Undertaking Rights Shares) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter	
	No. of Shares	% (approx.) <sup>Note 3</sup>	No. of Shares	% (approx.) <sup>Note 3</sup>	No. of Shares	% (approx.) <sup>Note 3</sup>	No. of Shares	% (approx.) <sup>Note 3</sup>
Controlling shareholders								
— Mr. Zhao <sup>Note 1</sup>	20,867,194	51.20	62,601,582	51.20	62,601,582	75.78	62,601,582	51.20
— Ms. Gao	58,025	0.14	174,075	0.14	174,075	0.21	174,075	0.14
	20,925,219	51.34	62,775,657	51.34	62,775,657	75.99	62,775,657	51.34
Underwriter <sup>Note 2</sup>	—	—	—	—	—	—	39,659,952	32.44
Other public Shareholders	19,829,976	48.66	59,489,928	48.66	19,829,976	24.01	19,829,976	16.22
Total	40,755,195	100	122,265,585	100	82,605,633	100	122,265,585	100

*Note*

- Mr. Zhao beneficially owns 20,867,194 Shares, of which (i) 104,339 Shares are held directly by him; (ii) 20,406,479 Shares are directly held by Foreshore Holding Group Limited, which is wholly owned by Sea Network Holdings Limited, which is in turn wholly owned by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao as the settlor for the benefit of himself and his family members; and (iii) 356,376 Shares are held directly by Better Day Holdings, a company which is controlled by Mr. Zhao.
- Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (ii) that no such relevant subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and its associates or persons acting in concert with any of them, when aggregated with the total number of Shares (if any) already held by them, holding more than 30% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue; and (iii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- This scenario is for illustrative purpose only. In the event that the Rights Issue is undersubscribed which would result in the public float of the Shares not being maintained, the Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Rights Issue, including but not limited to the entering into of a placing

agreement with the Underwriter to place down the Shares held by Mr. Zhao and/or Ms. Gao such that sufficient public float could be maintained in compliance with Rule 8.08(1) of the Listing Rules. The Company will closely monitor the level of acceptance from time to time during the period from the despatch of the Prospectus Documents to the latest time for acceptance and payment for the Rights Issue, and will commence necessary preparation of the above steps earlier if required to ensure compliance with Rule 8.08(1) of the Listing Rules at all time.

- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance by the Shareholders (except the Undertaking Rights Shares) <sup>Note 5</sup>		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (except the Undertaking Rights Shares) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter	
	No. of Shares	% (approx.) <sup>Note 4</sup>	No. of Shares	% (approx.) <sup>Note 4</sup>	No. of Shares	% (approx.) <sup>Note 4</sup>	No. of Shares	% (approx.) <sup>Note 4</sup>
Controlling shareholders								
— Mr. Zhao <sup>Note 1</sup>	20,967,194	50.97	62,901,582	50.97	62,901,582	75.57	62,901,582	50.97
— Ms. Gao <sup>Note 2</sup>	83,025	0.20	249,075	0.20	249,075	0.30	249,075	0.20
	21,050,219	51.17	63,150,657	51.17	63,150,657	75.87	63,150,657	51.17
Underwriter <sup>Note 3</sup>	—	—	—	—	—	—	40,175,952	32.55
Other public Shareholders	20,087,976	48.83	60,263,928	48.83	20,087,976	24.13	20,087,976	16.28
Total	41,138,195	100	123,414,585	100	83,318,633	100	123,414,585	100

*Note*

- Mr. Zhao beneficially owns 20,967,194 Shares, of which (i) 104,339 Shares are held directly by him; (ii) 20,406,479 Shares are directly held by Foreshore Holding Group Limited, which is wholly owned by Sea Network Holdings Limited, which is in turn wholly owned by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao as the settlor for the benefit of himself and his family members; (iii) 356,376 Shares are held directly by Better Day Holdings, a company which is controlled by Mr. Zhao; and (iv) 100,000 Share Options granted under the Share Option Scheme.
- Ms. Gao beneficially owns 83,025 Shares, of which (i) 58,025 Shares are held directly by her; and (ii) 25,000 Share Options granted under the Share Option Scheme.
- Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall use all reasonable endeavours to ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (ii) that no such relevant subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and its associates or persons acting in concert with any of them, when aggregated with the total number of Shares (if any) already held by them, holding more than 30% of the enlarged issued share capital of the

Company immediately after completion of the Rights Issue; and (iii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.

4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
5. This scenario is for illustrative purpose only. In the event that the Rights Issue is undersubscribed which would result in the public float of the Shares not being maintained, the Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Rights Issue, including but not limited to the entering into of a placing agreement with the Underwriter to place down the Shares held by Mr. Zhao and/or Ms. Gao such that sufficient public float could be maintained in compliance with Rule 8.08(1) of the Listing Rules. The Company will closely monitor the level of acceptance from time to time during the period from the despatch of the Prospectus Documents to the latest time for acceptance and payment for the Rights Issue, and will commence necessary preparation of the above steps earlier if required to ensure compliance with Rule 8.08(1) of the Listing Rules at all time.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

#### **Previous fund-raising exercise involving issue of securities in the prior 12-month period**

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

#### **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A(1), the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, (i) Mr. Zhao, being an executive Director, the chairman and chief executive officer of the Company; and (ii) and Ms. Gao, being an executive Director and the spouse of Mr. Zhao hold 20,867,194 Shares and 58,025 Shares, representing approximately 51.20% and 0.14% of the issued Shares, respectively. Accordingly, Mr. Zhao, Ms. Gao and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM in accordance with Rule 7.27A (1) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Zhao and Ms. Gao, no other Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

## **GENERAL**

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ren Guangming, Mr. He Yuanping and Mr. Fu Shula, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser to be appointed by the Company. In this connection, the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

The Circular to be issued by the Company will contain, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 29 July 2022.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (<http://ir.besunyen.com/>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed “Underwriting arrangement — Termination of the Underwriting Agreement” in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 22 August 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 2 September 2022 to Friday, 9 September 2022 (both dates inclusive).**

**Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

## **DEFINITIONS**

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

“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Circular”	the circular to be issued by the Company in relation to, among others, the Rights Issue and the transactions contemplated thereunder
“Companies Act”	the Company Act, Cap. 22 (Act 3 of 1961) of the Cayman Islands as consolidated and revised
“Company”	Besunyen Holdings Company Limited (stock code: 926), a company incorporated in the Cayman Islands whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other matters, the Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) other than Mr. Zhao and Ms. Gao and their associates and those are involved in or interested in the Rights Issue who are required to abstain from voting on the resolution(s) to approve the Rights Issue at the EGM



“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person of the Company
“Irrevocable Undertakings”	the irrevocable undertakings by Mr. Zhao and Ms. Gao to the Company as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Last Trading Day”	11 July 2022, being the last full trading day for the Shares immediately prior to the date of this announcement
“Latest Acceptance Date”	15 September 2022, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Underwriter may agree in writing
“Latest Time for Termination”	16 September 2022, or such later time or date as may be agreed between the Company and the Underwriter in writing, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zhao”	Mr. Zhao Yihong, an executive Director, the chairman, chief executive officer of the Company, spouse of Ms. Gao and a controlling shareholder of the Company
“Ms. Gao”	Ms. Gao Yan, an executive Director, vice chairman of the Company, spouse of Mr. Zhao and a controlling shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

“Posting Date”	31 August 2022, or such other date as the Company and the Underwriter may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) to be issued by the Company
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at 5:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	30 August 2022 or on such other date as the Company and the Underwriter may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) Share held by the Shareholders on the Record Date and subject to the conditions set out in the paragraph headed “Underwriting arrangement — Conditions of the Rights Issue and the Underwriting Agreement” in this announcement
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being (i) up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission

“SFO”	the Securities and Futures Ordinance (Chapter 57 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0003333332 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 29 September 2010 and expired on 29 September 2020
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.75 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Undertaking Rights Shares”	the aggregate number of Shares beneficially owned by Mr. Zhao and Ms. Gao as at the date of the Irrevocable Undertakings
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the Underwriter
“Underwriting Agreement”	the underwriting agreement dated 12 July 2022 entered into between the Company and the Underwriter and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	excluding the Undertaking Rights Shares, (i) up to 39,659,952 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) up to 40,175,952 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless otherwise specified in this announcement, the exchange rate adopted in this announcement for illustration only is approximately RMB1 to HK\$1.17. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

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

Hong Kong, 12 July 2022

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