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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)

**POSSIBLE DISCLOSEABLE TRANSACTION
IN RELATION TO THE SUBSCRIPTION FOR SHARES IN FUND**

The Board has resolved to approve the Subscription, under which the Company will sign a subscription application form to subscribe for Participating Shares for HK\$100 million on the terms and conditions of the Contract Documents.

As one or more applicable percentage ratios in respect of the Subscription exceed 5% but are less than 25%, the Subscription will constitute a discloseable transaction of the Company and will therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SUBSCRIPTION

The Board has resolved to approve the Subscription, under which the Company will sign a subscription application form to subscribe for Participating Shares for HK\$100 million on the terms and conditions of the Contract Documents. The Subscription will be funded by the Company's internal resources.

Having considered the internal procedures of the Fund and the Manager, the Company has not yet signed the subscription application form. The Company will make a further announcement upon signing the subscription application form.

PRINCIPAL TERMS OF THE CONTRACT DOCUMENTS

The principal terms of the Contract Documents are set out as below:

Amount of the Subscription	HK\$100 million (representing 100,000 Participating Shares at a subscription price of HK\$1,000 per Participating Share)
Name of the Fund	Central China Dragon Global Opportunity Fund SPC (中州龍騰環球機會基金)
Segregated Portfolio	Central China Dragon Global Opportunity Fund SP6 (中州龍騰環球機會六號基金), a segregated portfolio with the Participating Shares
Term	The Segregated Portfolio is an open-ended fund and has a term of five (5) years, which may be extended for a further one (1) year period as determined by the directors of the Fund upon the recommendation of the Manager.
Investment objective and strategy and restrictions	<p>The investment objective of the Segregated Portfolio is to provide investors with a stable total return through a combination of current income and capital appreciation, with fixed income investment products accounting for not less than 80% and mainly focusing on private and public general bonds, as well as investment products in Asia, America and Europe.</p> <p>The Segregated Portfolio will invest in securities and investment products, and will not be subject to any investment restrictions.</p>
Stop-loss mechanism	If the net asset value of any investment product falls below 80% of its initial investment cost (the “ 80%-stop-loss line ”), the Manager shall notify the holders of the Participating Shares as soon as practical and within three (3) months or such later date as may be mutually agreed by the Manager and the holders of the Participating Shares realise such particular investment product of the Segregated Portfolio for cash or proceeds in specie. Such realisation plan shall be proposed by the Manager and confirmed by the holders of the Participating Shares.

Subscription after initial offer period

Following the close of the initial offer period, further subscriptions of Participating Shares could only be approved by resolution of the directors of the Fund with the written consent of the holders of the Participating Shares. To the best knowledge of the Directors having made reasonable enquiries, the Company will be the only holder of the Participating Shares of the Segregated Portfolio following the close of the initial offer period and it is expected that the Company will continue to be the only holder of the Participating Shares of the Segregated Portfolio in the future.

The subscription price will be the net asset value per Participating Share calculated as at the valuation day for that subscription day. Participating Shares will not be issued until the relevant subscription day in accordance with the Contract Documents. Subscription monies should be deposited into the Fund prior to the proposed subscription day and kept in custodial status without interest. Such monies may be released prior to the issuance of the Participating Shares at the risk of the Company.

A subscription day will be the first business day of each January, April, July and October and/or such other day that may be determined by the directors of the Fund.

Redemption

No redemption of any Participating Share is allowed during the Lock-Up Period.

After the expiry of the Lock-Up Period, the holders of the Participating Shares may redeem any or all of the Participating Shares on a redemption day by issuing a prior written notice to the Manager.

The directors of the Fund shall not compulsorily redeem all or part of the Participating Shares at any time unless the directors of the Fund can prove in all respects such compulsory redemption is in the best interests of and consented by the holders of the Participating Shares in writing.

The redemption price shall be the net asset value of the Participating Share as at the nearest valuation day immediately prior to the relevant redemption day.

A redemption day will be the first business day of each January, April, July and October and/or such other day as may be determined by the directors of the Fund.

Net redemption proceeds will be paid to the Company within such period as the directors of the Fund may determine is reasonable, normally no more than 90 days from the redemption day. The Directors confirm that the 90-day payment period for net redemption proceeds has been determined by the Company and the Manager on the basis of arm's length negotiations on commercial terms after taking into account the market norm.

Valuation

The net asset value of the Segregated Portfolio as at a valuation day shall be determined by the directors of the Fund (or such person appointed by the directors of the Fund for that purpose) in respect of all the assets and liabilities of the Segregated Portfolio on the basis of generally accepted accounting principles. The net asset value of the Participating Share shall be calculated by dividing the net asset value of the Segregated Portfolio by the number of Participating Shares in issue. A valuation day will be the last business day of each quarter of the year and/or such other day as may be determined by the directors of the Fund.

Transfer

Transfer of any or all of the Participating Shares is allowed within and after the Lock-Up Period with a prior written notice to the Manager and subject to the procedures required to be undertaken by the Manager under applicable laws, rules and regulations and the prior written approval of the directors of the Fund.

Fees, charges and expenses

Management Fee

A management fee of 1% per annum of principal amount of the total subscription amount by the holders of the Participating Shares is payable quarterly in arrears to the Manager.

Performance Fee

A performance fee of 10% per annum of the appreciation in the net asset value (after deduction of the aforesaid management fee) of the Participating Shares achieved as of the end of that performance period in excess of the hurdle rate 6%. The performance fee is payable annually out of the assets of the Segregated Portfolio to the Manager. For the avoidance of doubt, the Performance Fee shall equal to

$$10\% \times (A - B)$$

where

“A” means the net asset value as of the end of the performance period adjusted for any changes due to subscription, redemption and dividend

“B” means the initial net asset value of the performance period \times 106%

The Manager may at its sole discretion and out of its own resources decide to rebate to the Company or its agents or to intermediaries, part or all of the performance fee. Any such rebates may be paid in cash.

Fees of the Trustee

The Segregated Portfolio shall bear the fees of the Trustee in respect of their services for the account of the Segregated Portfolio, at such rates as agreed from time to time by the Fund and the Trustee. The Trustee is entitled to be reimbursed by the Segregated Portfolio for all reasonable out-of-pocket expenses.

Preliminary and General Expenses of the Segregated Portfolio

The preliminary and general expenses of the Segregated Portfolio shall be borne by the Segregated Portfolio.

Dividend policy

Subject to the Companies Law, and provided there are realised and unrealised profits attributable to the Segregated Portfolio, the directors of the Fund propose to declare dividends in respect of the Participating Shares on an annual calendar year basis, payable within one month after the dividend is declared as the directors of the Fund may deem fit, and at the dividend rate of 6% per annum. The dividend amount is calculated based on the net asset value of the Participating Shares as of the end of the relevant calendar year.

Termination

The Segregated Portfolio may be terminated prior to the expiry of the Term by the directors of the Fund if they consider such action to be in the best interests of the holders of the Participating Shares of the Segregated Portfolio in accordance with the terms of the Private Placement Memorandum. Circumstances under which the Segregated Portfolio may be terminated include but not limited to (a) the Segregated Portfolio becoming illegal or, in the opinion of the directors of the Fund, impracticable or inadvisable to continue; (b) the Segregated Portfolio having no assets and no liabilities; and (c) the net asset value of the Segregated Portfolio falling below an amount that the directors of the Fund consider to be impracticable or inadvisable to continue.

Upon termination or expiry of the Segregated Portfolio, all the Participating Shares shall be redeemed.

Other major terms

The Company shall indemnify (among others) the Fund, the Manager, the Trustee and each of their respective directors, officers, affiliates and agents in full against any and all loss and liability arising out of or based upon any false representation or warranty made by the Company, or any breach or failure by the Company to comply with the subscription application form or other document furnished by the Company in connection with the Subscription.

Among other representations and warranties given by the Company to the Fund, the Manager and the Trustee, the Company acknowledges that it is aware of the risks inherent in investing in the Fund and can bear the risk of loss of the entire investment and can afford to hold the investment for an indefinite period of time.

BASIS FOR DETERMINATION OF THE CONSIDERATION

The Directors confirm that, the aggregate amount of HK\$100 million for the Subscription has been determined by the Company and the Manager on the basis of arm's length negotiations on commercial terms after taking into account various factors, including the investment terms, risks and the financial position of the Group.

REASONS AND BENEFITS OF THE SUBSCRIPTION

The Group strives to explore potential investment opportunities to generate investment income and in turn enhance Shareholders' value. To this end, while maintaining capital liquidity, the Group has allocated certain capital towards investment in funds and other financial assets. As disclosed in the Company's 2023 interim report, for the six months ended 30 June 2023, the Group recorded (i) with respect to continuing operations, an unaudited net cash inflow from operating activities of RMB44.13 million, net cash inflow from investing activities of RMB76.40 million and net cash outflow from financing activities of RMB85.11 million; and (ii) with respect to discontinued operations, an unaudited net cash outflow of RMB0.5 million. As such, the Group recorded an unaudited net increase in cash and cash equivalents of RMB34.90 million for the six months ended 30 June 2023 and had unaudited cash and cash equivalents of RMB264.96 million as of 30 June 2023.

As part of the Group's treasury policy, its idle or surplus cash and cash equivalents available at the relevant time would be placed generally as deposits with its principal banks to generate interests, or if there arises any potential investment opportunity which may be beneficial to the value of Shareholders, the Group may consider to utilise available funds for such investment. Having considered investment terms and risks of the Subscription and the Group's financial position (including but not limited to cash reserve, capital requirement for maintaining day-to-day business operation, asset structure and other factors), as well as with a view to utilising the Group's idle funds reasonably, enhancing the efficiency in the utilisation of such funds and generating investment income and in turn, bringing appropriate return to the Shareholders, the Directors believe that utilising part of its idle funds for the Subscription will be in the interests of the Company and the Shareholders as a whole.

Despite of the investment risks and no assurance of investment return rate, having considered the following factors, the Directors are of the view that the Subscription provides the Group with good opportunity to expand its investment portfolio with quality assets and is carried out on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole:

- (1) on one hand, the Segregated Portfolio is specially customised for the Company (as the sole investor), which enables the Company to discuss with the Manager on investment policies (including exclusive investment objective and strategy, the 80%-stop-loss line and other investment restrictions, performance fee with a hurdle rate of 6% and waiver of subscription fee, etc.), such that the investment policies can

be reasonable for the Company in terms of investment risks and returns having considered the Company's strategies and development plans, with a view to providing the Group with a stable total return through a combination of current income and capital appreciation. Whereas on the other hand, in accordance with the Contract Documents, the Manager shall manage the investment and re-investment of assets in the Segregated Portfolio and have the discretion to make investments and divestments and shall be entitled to exercise each of the powers, duties and discretions as are vested in the directors of the Fund;

- (2) the Manager will provide the Company with audited annual financial statements of the Segregated Portfolio on an annual basis, as well as unaudited net asset value of the Segregated Portfolio on a quarterly basis;
- (3) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Manager has extensive investment experience and skills and proven track record in fund management. The Manager has achieved outperformance of more than 150 base points for fixed income portfolios versus comparable indexes during the relevant period in 2017 to 2022. Since its establishment, the Manager has managed over HK\$4 billion of assets, such as fund products, private equity investments, private equity leveraged notes and discretionary special accounts and has a proven track record of providing investment services to various companies listed on the Stock Exchange. The arrangement of performance fee is commercial charging practices for similar plans and the Company believes that the performance fee with a hurdle rate of 6% could further motivate the Manager to achieve a higher investment return;
- (4) the Company has the flexibility to subscribe for further Participating Shares, transfer Participating Shares during and after the Lock-Up Period or to request for redemption of Participating Shares after the Lock-Up Period in accordance with the Contract Documents; and
- (5) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the rates of management fee and performance fee charged by the Manager under the Segregated Portfolio is in line with the management fee and performance fee charged by independent securities companies in respect of similar asset management and investment services, as well as those charged by the Manager from the independent third parties.

GENERAL INFORMATION OF THE PARTIES

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is a leading provider of therapeutic teas in the People's Republic of China and is principally engaged in the research and development, production, sales and promotion of therapeutic tea and medicines.

The Fund was incorporated under the Companies Law of the Cayman Islands on 22 August 2017 as an exempted segregated portfolio company (registration number BS-326232) and had an authorised share capital of US\$50,000 divided into 1 management share and 49,999,000 participating shares. To the best knowledge of the Directors having made reasonable enquiries, as at the date of this announcement, the directors of the Fund were Peng Yong and Tam Hui Fai.

The Manager has been appointed by the Fund to manage, select and evaluate the investments of the Fund (including the Segregated Portfolio). The Manager is a company with limited liability incorporated in Hong Kong on 16 February 2016 and licensed by the Hong Kong Securities and Futures Commission to carry on Type 9 (Asset Management) regulated activity as defined in the SFO. To the best knowledge of the Directors having made reasonable enquiries, as at the date of this announcement, the ultimate beneficial owners of the Manager were Liang Junsheng, Zhao Lili and Gu Jianfei.

The Trustee has been appointed by the Fund as the administrator and custodian of the Fund to administer the affairs of the Fund and perform designated services for the Fund under the ultimate supervision of the directors of the Fund. The Trustee is engaged in the business of providing administrative services and custody services to collective investment schemes.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Fund, the Manager, the Trustee and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the Subscription exceed 5% but are less than 25%, the Subscription will constitute a discloseable transaction of the Company and will therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Having considered the internal procedures of the Fund and the Manager, the Company has not yet signed the subscription application form. The Company will make a further announcement upon signing the subscription application form.

The Company will further comply with the relevant requirements under Chapter 14 of the Listing Rules in the event that the Company further subscribes for Participating Shares of the Segregated Portfolio and that such transaction constitutes a notifiable transaction on a standalone and/or aggregated basis.

DEFINITIONS

In this announcement, unless otherwise defined or the context otherwise requires, the following terms have the meanings below:

“Board”	the board of Directors
“Companies Law”	the Companies Law of the Cayman Islands as consolidated, amended, supplemented, restated or revised 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Documents”	the memorandum and articles of association of the Fund, the Private Placement Memorandum, the appendix, the subscription application form and the side letter
“Director(s)”	the director(s) of the Company
“Fund”	Central China Dragon Global Opportunity Fund SPC (中州龍騰環球機會基金), an exempted segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-Up Period”	being twelve (12) months commencing from the date of issue of Participating Shares, which may be waived or shortened or lengthened as determined by the directors of the Fund or the Manager
“Manager”	Central China Asset Management Company Limited (中州資產管理有限公司), the manager of the Fund
“notifiable transaction”	has the same meaning as ascribed to it under the Listing Rules

“Participating Share”	the redeemable participating share of the Segregated Portfolio (other than management share) in the capital of the Fund of a par value of US\$0.001 having the rights and being subject to the restrictions specified in the Private Placement Memorandum
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“Private Placement Memorandum”	the private placement memorandum dated 14 November 2017 in respect of the Fund, as amended, updated or supplemented from time to time
“Segregated Portfolio”	Central China Dragon Global Opportunity Fund SP6 (中州龍騰環球機會六號基金), a segregated portfolio with the Participating Shares
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0003333332 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the possible subscription by the Company of Participating Shares for HK\$100 million
“Term”	the term of the Segregated Portfolio
“Trustee”	CCB (Asia) Trustee Company Limited (建行亞洲信託有限公司), the administrator and custodian of the Fund
“US\$”	US Dollar, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 26 September 2023

As at the date of this announcement, the executive Directors are Mr. Zhao Yihong (Chairman and Chief Executive Officer), Ms. Gao Yan (Vice Chairman) and Mr. Yu Hongjiang (Executive Vice President, Chief Operating Officer and Chief Financial Officer); and the independent non-executive Directors are Mr. He Yuanping, Mr. Fu Shula and Mr. Shi Xiangxin.