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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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

**FINANCIAL HIGHLIGHTS**

The revenue from continuing operations of the Group for 2024 was RMB484.3 million, representing a decrease of 10.8% as compared with the revenue from continuing operations of RMB542.9 million for 2023.

The gross profit from continuing operations of the Group for 2024 was RMB325.8 million, representing a decrease of 5.9% as compared with the gross profit from continuing operations of RMB346.2 million for 2023. The gross profit margin from continuing operations of the Group for 2024 was 67.3%, representing an increase of 3.5 percentage points as compared with the gross profit margin from continuing operations of 63.8% for 2023.

The total operating expenses (including selling and marketing expenses, administrative expenses and research and development costs) from continuing operations of the Group for 2024 were RMB318.2 million, representing a decrease of 37.4% as compared with the total operating expenses from continuing operations of RMB508.7 million for 2023.

The total comprehensive income of the Group for 2024 was RMB16.8 million (for 2023: the total comprehensive loss was RMB358.6 million).

The total comprehensive income attributable to owners of the Company for 2024 was RMB16.8 million, of which the total comprehensive income from continuing operations was RMB16.8 million and the total comprehensive income from discontinued operations was nil (for 2023: the total comprehensive loss attributable to owners of the Company was RMB300.4 million, of which the total comprehensive loss from continuing operations RMB160.2 million and the total comprehensive loss from discontinued operations was RMB140.2 million). The basic and diluted earnings per share attributable to owners of the Company for 2024 were both RMB0.12, of which the basic and diluted incomes per share attributable to owners of the Company from continuing operations were both RMB0.12 and the basic and diluted incomes per share attributable to owners of the Company from discontinued operations were both nil (for 2023: the basic and diluted losses per share attributable to owners of the Company were both RMB2.45, of which the basic and diluted losses per share attributable to owners of the Company from continuing operations were both RMB1.30 and the basic and diluted losses per share attributable to owners of the Company from discontinued operations were both RMB1.15).

**FINAL DIVIDEND**

Taking into account the Group's annual performance, the Board has resolved to recommend for declaration and payment of a final dividend of HK10 cents per share (approximately HK$12,227,000 in aggregate) for the year ended 31 December 2024, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

The board (the "**Board**") of directors (the "**Directors**") of Besunyen Holdings Company Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | | |
| Revenue | *3* | **484,301** | 542,876 |
| Cost of sales | | **(158,459)** | (196,656) |
| **Gross profit** | | **325,842** | 346,220 |
| Selling and marketing expenses | | **(199,377)** | (320,704) |
| Administrative expenses | | **(89,512)** | (153,050) |
| Research and development costs | | **(29,359)** | (34,922) |
| Credit impairment losses | | **(1,699)** | 20 |
| Fair value changes on financial assets measured at fair value through profit or loss | *8* | **(1,749)** | 501 |
| Other income | | **11,835** | 11,035 |
| Other expenses | | **(517)** | (62) |
| Other gains, net | *4* | **6,413** | 675 |
| Losses on disposal of subsidiaries | *11* | **(326)** | — |
| **Operating profit/(loss)** | | **21,551** | (150,287) |
| Finance income | | **1,121** | 1,634 |
| Finance costs | | **(228)** | (1,998) |
| Finance income/(costs), net | | **893** | (364) |
| Share of profit of investments accounted for using the equity method | | **5,077** | 970 |
| **Profit/(loss) before income tax** | | **27,521** | (149,681) |
| Income tax expense | *6* | **(12,717)** | (9,424) |
| **Profit/(loss) for the year from continuing operations** | | **14,804** | (159,105) |

| | Note | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations, net of tax | | — | (198,409) |
| **Profit/(loss) for the year** | | **14,804** | (357,514) |
| **Profit/(loss) attributable to:** | | | |
| **Owners of the Company** | | | |
| — Continuing operations | | **14,804** | (159,105) |
| — Discontinued operations | | — | (140,138) |
| | | **14,804** | (299,243) |
| **Non-controlling interests** | | | |
| — Continuing operations | | — | — |
| — Discontinued operations | | — | (58,271) |
| | | — | (58,271) |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | **2,028** | (1,124) |
| **Total comprehensive income/(loss) for the year** | | **16,832** | (358,638) |
| **Total comprehensive income/(loss) attributable to:** | | | |
| **Owners of the Company** | | **16,832** | (300,367) |
| **Non-controlling interests** | | — | (58,271) |
| | | **16,832** | (358,638) |

| | Note | Year ended 31 December 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Total comprehensive income/(loss) for the year attributable to owners of the Company:** | | | |
| — Continuing operations | | **16,832** | (160,229) |
| — Discontinued operations | | **—** | (140,138) |
| | | **16,832** | (300,367) |
| **Earnings/(losses) per share attributable to owners of the Company for the year (RMB):** | | | |
| **Basic earnings/(losses) per share** | *7* | | |
| — Continuing operations | | **0.12** | (1.30) |
| — Discontinued operations | | **—** | (1.15) |
| | | **0.12** | (2.45) |
| **Diluted earnings/(losses) per share** | *7* | | |
| — Continuing operations | | **0.12** | (1.30) |
| — Discontinued operations | | **—** | (1.15) |
| | | **0.12** | (2.45) |

## CONSOLIDATED BALANCE SHEET

| | Note | **As at 31 December 2024** *RMB'000* | As at 31 December 2023 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **108,087** | 117,216 |
| Right-of-use assets | | **21,752** | 22,128 |
| Intangible assets | | **1,774** | 2,799 |
| Investments accounted for using the equity method | | **10,689** | 14,788 |
| Financial assets measured at fair value through profit or loss | *8* | **79,434** | 68,947 |
| Loan receivable | *9* | **69,793** | — |
| Deferred income tax assets | | **33,802** | 41,927 |
| Other non-current assets | | **—** | 9,268 |
| **Total non-current assets** | | **325,331** | 277,073 |
| **Current assets** | | | |
| Inventories | | **26,411** | 23,569 |
| Trade receivables | *10* | **20,592** | 48,195 |
| Bills receivable | | **—** | 4,864 |
| Deposits, prepayments and other receivables | | **40,547** | 41,577 |
| Financial assets measured at fair value through profit or loss | *8* | **—** | 21,130 |
| Restricted bank deposits | | **13,657** | 56,877 |
| Short-term bank deposits | | **—** | 62,576 |
| Cash and cash equivalents | | **134,155** | 169,082 |
| **Total current assets** | | **235,362** | 427,870 |
| **Total assets** | | **560,693** | 704,943 |

| | Note | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 13 | **288** | 288 |
| Share premium | | **939,484** | 1,039,108 |
| Other reserves | | **347,973** | 341,747 |
| Accumulated losses | | **(812,369)** | (827,173) |
| **Total equity** | | **475,376** | 553,970 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred government grants | | **2,051** | 2,187 |
| Lease liabilities | | **2,474** | 1,875 |
| Deferred income tax liabilities | | **1,407** | 1,250 |
| **Total non-current liabilities** | | **5,932** | 5,312 |
| **Current liabilities** | | | |
| Trade and bills payables | 12 | **3,156** | 16,547 |
| Other payables and accrued expenses | | **66,156** | 120,004 |
| Contract liabilities | | **6,487** | 5,052 |
| Lease liabilities | | **3,207** | 3,239 |
| Current income tax liabilities | | **379** | 819 |
| **Total current liabilities** | | **79,385** | 145,661 |
| **Total liabilities** | | **85,317** | 150,973 |
| **Total equity and liabilities** | | **560,693** | 704,943 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1 GENERAL INFORMATION

Besunyen Holdings Company Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

The ultimate parent undertaking of the Company is Moonlight Family Trust which incorporated in the British Virgin Islands. The address of the Moonlight Family Trust's principal place of business is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are manufacturing and sales of therapeutic tea products, including Detox tea, Slimming tea, Fit tea, Relief tea and other tea products, and sales of weight-loss and other medicines.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

### 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Reporting Standards,
- International Accounting Standards, and
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committees.

#### (a) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which were measured at fair value either through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL").

**(b) New and amended standards adopted by the Group**

The Group has applied the following standards, amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to IAS 1
- Lease Liability in Sale and Leaseback — Amendments to IFRS 16
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(c) New and amended standards not yet adopted**

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group.

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to IAS 21 | Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |

These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" upon its effective date, 1 January 2027, which is expected to have certain impact on the presentation and disclosures of the Group's financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, identified as the chief operating decision makers ("CODM"), review the Group's internal reporting in order to assess performance and allocate resources.

The CODM had identified the manufacturing and sales of tea products (including Detox tea, Slimming tea, Fit tea, Relief tea and others) and sales of weight-loss and other medicines as separate reportable segments, namely the tea products segment and the weight-loss and other medicines segment.

The CODM evaluates the performance of the reportable segments based on their revenue, gross profit and operating results which derived from gross profit deducting selling and marketing expenses and research and development costs. The CODM does not assess the assets and liabilities of the operating segments to allocate resources.

### (a) Revenue

The revenue segment information from continuing operations reported to CODM for the years ended 31 December 2024 and 2023 is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Tea products segment | | |
| — Detox tea | **79,911** | 103,034 |
| — Slimming tea | **98,935** | 109,072 |
| — Fit tea | **71,219** | 64,138 |
| — Relief tea | **6,571** | 13,162 |
| — Others | **69,547** | 81,713 |
| | **326,183** | 371,119 |
| Weight-loss and other medicines segment | | |
| — Weight-loss medicines | **147,999** | 161,822 |
| — Other medicines | **10,119** | 9,935 |
| | **158,118** | 171,757 |
| | **484,301** | 542,876 |

For the year ended 31 December 2024, the revenue derived from any of the external customers was less than 10% of the Group's total revenue.

For the year ended 31 December 2023, revenue of approximately RMB56,724,000 was derived from a single external on-line sales platform, which accounted for 10.4% of the Group's total revenue and was primarily attributable to the weight-loss and other medicines segment. Other than the aforementioned customer, the revenue derived from any of the remaining external customers was less than 10% of the Group's total revenue.

**(b) Segment information**

The segment results from continuing operations for the year ended 31 December 2024 are as follows:

| | Tea products segment *RMB'000* | Weight-loss and other medicines segment *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **Total revenue** | **326,183** | **158,118** | **484,301** |
| Revenue from external customers | **326,183** | **158,118** | **484,301** |
| Timing of revenue recognition | | | |
| At a point in time | **326,183** | **158,118** | **484,301** |
| Cost of sales | **(77,749)** | **(80,710)** | **(158,459)** |
| Gross profit | **248,434** | **77,408** | **325,842** |
| Selling and marketing expenses | **(114,191)** | **(85,186)** | **(199,377)** |
| Research and development costs | **(8,045)** | **(21,314)** | **(29,359)** |
| **Segment results** | **126,198** | **(29,092)** | **97,106** |
| Administrative expenses | | | **(89,512)** |
| Credit impairment losses | | | **(1,699)** |
| Fair value changes on financial assets measured at FVTPL | | | **(1,749)** |
| Other income | | | **11,835** |
| Other expenses | | | **(517)** |
| Other gains, net | | | **6,413** |
| Losses on disposal of subsidiaries | | | **(326)** |
| Operating profit | | | **21,551** |
| Finance income | | | **1,121** |
| Finance costs | | | **(228)** |
| Finance income, net | | | **893** |
| Share of profit of investments accounted for using the equity method | | | **5,077** |
| Profit before income tax | | | **27,521** |
| Income tax expense | | | **(12,717)** |
| Profit for the year from continuing operations | | | **14,804** |
| Other segment information: | | | |
| Depreciation | **(16,446)** | **(1,130)** | **(17,576)** |
| Amortisation | **(310)** | **(66)** | **(376)** |

The segment results from continuing operations for the year ended 31 December 2023 are as follows:

| | Tea products segment *RMB'000* | Weight-loss and other medicines segment *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **Total revenue** | 371,119 | 171,757 | 542,876 |
| Revenue from external customers | 371,119 | 171,757 | 542,876 |
| Timing of revenue recognition | | | |
| At a point in time | 371,119 | 171,757 | 542,876 |
| Cost of sales | (97,089) | (99,567) | (196,656) |
| Gross profit | 274,030 | 72,190 | 346,220 |
| Selling and marketing expenses | (197,562) | (123,142) | (320,704) |
| Research and development costs | (13,898) | (21,024) | (34,922) |
| **Segment results** | 62,570 | (71,976) | (9,406) |
| Administrative expenses | | | (153,050) |
| Credit impairment losses | | | 20 |
| Fair value changes on financial assets measured at FVTPL | | | 501 |
| Other income | | | 11,035 |
| Other expenses | | | (62) |
| Other gains, net | | | 675 |
| Operating loss | | | (150,287) |
| Finance income | | | 1,634 |
| Finance costs | | | (1,998) |
| Finance costs, net | | | (364) |
| Share of profit of investments accounted for using the equity method | | | 970 |
| Loss before income tax | | | (149,681) |
| Income tax expense | | | (9,424) |
| Loss for the year from continuing operations | | | (159,105) |
| Other segment information: | | | |
| Impairment loss on non-current assets | (3,000) | — | (3,000) |
| Depreciation | (20,501) | (2,405) | (22,906) |
| Amortisation | (464) | (241) | (705) |

As at 31 December 2024, non-current assets of the Group except for those amounting to RMB47,649,000 (31 December 2023: RMB46,967,000) are all located in the PRC.

## 4 OTHER GAINS, NET

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Net fair value gains on wealth management products and structured deposits measured at FVTPL *(Note 8(a))* | **1,992** | 2,864 |
| Net fair value gains on debt securities measured at FVTPL *(Note 5 and Note 8(b))* | **415** | — |
| Net fair value gains on investment in funds measured at FVTPL *(Note 8(d))* | **314** | — |
| Donation | **(790)** | (2,080) |
| Net losses on disposals of property, plant and equipment and land use rights assets | **(39)** | (59) |
| Net foreign exchange (losses)/gains | **(1,694)** | 1,026 |
| Others | **6,215** | (1,076) |
| | **6,413** | 675 |

## 5 CONTROLLED STRUCTURED ENTITY

On 5 October 2023, the Group subscribed the 100% participating shares of Central China Dragon Global Opportunity Fund SPC ("SPC Fund") at HK$100 million (equivalent to approximately RMB91,747,000) in respect of Central China Dragon Global Opportunity Fund SP6「中州龍騰環球機會六號基金」, which is a segregated portfolio of the SPC Fund ("GOSP6"), according with the subscription application form signed with the SPC Fund and a third party asset management company, Central China Asset Management Company Limited (the "Fund Manager") for the purpose of wealth management.

As the Company is the only equity holder of GOSP6, and the fee paid to the Fund Manager is comparable to its service provided as an agent, the Group controls GOSP6. As a result, the directors of the Company considered that it is appropriate to consolidate the GOSP6.

| Structured entity | Principal activities |
|---|---|
| GOSP6 | Administering and holding the Company's investment acquired through the Fund Manager for the purpose of wealth management |

The major assets held by GOSP6 are as follows:

| | **As at 31 December 2024** | As at 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Restricted bank deposits | **13,548** | 56,877 |
| Financial assets measured at fair value through profit or loss: | | |
| Investment in debt securities *(Note 4 and Note 8(b))* | **—** | 21,130 |
| Preferred share investment in a private company *(note i and Note 8(c))* | **12,947** | 12,738 |
| Loan receivable *(note ii and Note 9):* | | |
| Principal | **64,823** | — |
| Interest | **4,970** | — |
| | **69,793** | — |
| | **96,288** | 90,745 |

i. It represented an investment of 3,318,470 preferred shares in a private pharmaceutical company amounting to USD1,800,000, which was acquired in November 2023 ("Preferred Share Investment"). Based on a revaluation statement provided by the Fund Manager, the Company considers the fair value of the investment approximates its investment cost, with changes of RMB209,000 due to change of foreign exchange rate.

ii. During the year, GOSP6 advanced a three-year private loan to a third-party, a company incorporated in British Virgin Islands ("BVI") (the "Borrower"), amounting to HK$70,000,000 (equivalent to approximately RMB64,823,000). According to a term sheet of the loan provided by the Fund Manager, the loan is secured by the Borrower's indirect equity interests in a private company incorporated in the PRC and guaranteed by an individual who is a 100% shareholder of the Borrower. The interest rate of the private loan is fixed at 8% per annum. During the year, the Group accrued related interest amounting to HK$5,367,000 (equivalent to approximately RMB4,899,000).

    The private loan is measured at amortised cost net of impairment charge. Based on a net asset value statement provided by the Fund Manager, the Company considers the recoverable amount of the private loan approximates its carrying value, accordingly no provision for impairment charge was made for the loan.

## 6 INCOME TAX EXPENSE

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Current income tax | **4,273** | 119 |
| Deferred income tax | **8,444** | 9,305 |
| **Income tax expense** | **12,717** | 9,424 |

The Company was incorporated in the Cayman Islands and Besunyen Investment (BVI) Co. Ltd. was incorporated in the BVI and they are tax exempted under the tax laws of the Cayman Islands and the BVI respectively.

Certain subsidiaries of the Group are Hong Kong tax residents and subject to Hong Kong profit tax.

Hong Kong profits tax is subject to the two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits in the first HK$2 million and 16.5% for any assessable profits in excess.

Tibet Besunyen Trading Co., Ltd. and Tibet Qianruiwanfu Technology Co., Ltd. ("Qianruiwanfu") established by the Group in February 2017, are entitled to the preferential policy of Encouraged Industries in the West Regions in Tibet from the established date to 31 December 2030, for which the applicable income tax rate is 15%.

In October 2023, Beijing Outsell Health Product Development Co., Ltd. ("Beijing Outsell") obtained the High and New Technology Enterprise ("HNTE") qualification for three years from 2023 to 2025, for which the applicable income tax rate is 15% (2023: 15%).

Jiangsu Besunyen Ecommerce Co., Ltd. which was established by the Group in May 2023, is entitled to the preferential policy of Small and Micro-sized enterprises from establish date to 31 December 2024, for which the applicable income tax rate is 5%.

All other PRC subsidiaries of the Group are subject to the statutory corporate income tax rate of 25% (2023: 25%).

## 7 EARNINGS/(LOSSES) PER SHARE

### (a) Basic

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year.

| | **2024** | 2023 |
|---|---|---|
| Profit/(loss) attributable to owners of the Company *(RMB'000)* | | |
| — Continuing operations | **14,804** | (159,105) |
| — Discontinued operations | **—** | (140,138) |
| | **14,804** | (299,243) |
| Weighted-average number of ordinary shares in issue *(thousands)* | **122,266** | 122,266 |
| Basic earnings/(losses) per share *(RMB)* | | |
| — Continuing operations | **0.12** | (1.30) |
| — Discontinued operations | **—** | (1.15) |
| | **0.12** | (2.45) |

### (b) Diluted

Diluted earnings/(losses) per share is calculated by adjusting the weighted-average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options granted in 2024 as the exercise prices of the share options were higher than the average market price of the Company's shares at the period when the share options were outstanding.

## 8 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at fair value through profit or loss ("**FVTPL**") include the following:

| | As at 31 December 2024 *RMB'000* | As at 31 December 2023 *RMB'000* |
|---|---|---|
| **Current assets** | | |
| Wealth management products and structured deposits *(note a)* | **—** | — |
| Investments in debt securities *(note b)* | **—** | 21,130 |
| | **—** | 21,130 |
| **Non-current assets** | | |
| Preferred Share Investment *(note c and Note 5 (i))* | **12,947** | 12,738 |
| Equity investment in other private company *(note c)* | **18,471** | 19,880 |
| Investments in funds *(note d)* | **48,016** | 36,329 |
| | **79,434** | 68,947 |
| | **79,434** | 90,077 |

During the year, the following gains were recognised in profit or loss:

| | 2024 *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| **Continuing operations** | | |
| **Realised fair value gains recognised in "Other gains, net"** | | |
| — Wealth management products and structured deposits *(note a and Note 4)* | **1,992** | 2,864 |
| — Investments in debt securities *(note b, Note 4 and Note 5)* | **415** | — |
| — Investments in funds *(note d and Note 4)* | **314** | — |
| | **2,721** | 2,864 |
| **Unrealised fair value (losses)/gains** | | |
| — Preferred Share Investment *(note c and Note 5)* | **(68)** | (35) |
| — Equity investment in other private company *(note c)* | **(1,409)** | — |
| — Investments in funds *(note d)* | **(272)** | 426 |
| — Investments in debt securities *(note b)* | **—** | 110 |
| | **(1,749)** | 501 |
| | **972** | 3,365 |

*note:*

a. The Group's wealth management products and structured deposits purchased from commercial financial institutes are denominated in RMB, with expected rates of return ranging from 2.14% to 2.90% per annum for the year ended 31 December 2024 (2023: 1.00% to 3.21%). The returns of these wealth management products and structured deposits are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVTPL, and the fair values are based on discounted cash flow using the expected return based on management estimation and are within level 3 of the fair value hierarchy. There are no balance amounts as at 31 December 2024 and 2023.

b. The investments in debt securities are fixed-rate corporate bonds denominated in US$, and are mainly issued by corporates and banks and the fair value of such debt securities was determined based on quoted price on bond market. As at 31 December 2024, the abovementioned investments has been fully redeemed.

c. The fair values of Preferred Share Investment and equity investments in other private companies are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.

d. The fair values of investments in funds are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.

   In August 2024, Beijing Outsell, a subsidiary of the Group, invested RMB13.4 million in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) (the "Yuanxing") to acquire 16.067% equity interest of Yuanxing. Considering that the Group can neither control nor exercise significant influence on Yuanxing, the management recognised this investment as financial assets measured at FVTPL.

## 9 LOAN RECEIVABLE

| | **As at 31 December 2024** | As at 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loan receivable *(Note 5 (ii))* | **69,793** | — |

This represented a private loan advanced to a third party. The details of the loan receivable are disclosed in Note 5 (ii).

## 10. TRADE RECEIVABLES

| | **As at 31 December 2024** | As at 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **20,633** | 48,286 |
| Less: Loss allowance | **(41)** | (91) |
| | **20,592** | 48,195 |

The Group allows a credit period of 30–90 days to its customers. The following is an aging analysis of trade receivable (net of loss allowance) based on the dates of deliveries of the related goods to the customers, which are approximate to their invoice date:

| | **As at 31 December 2024** | As at 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0–90 days | **20,398** | 47,740 |
| 91–180 days | **57** | 316 |
| 181–365 days | **86** | 55 |
| Over 365 days | **51** | 84 |
| | **20,592** | 48,195 |

## 11. DISPOSALS OF SUBSIDIARIES

### (a) Disposals of Zhuhai Kangbaina Pharmaceutical Co., Ltd. (the "Kangbaina")

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and an independent third party, Zhuhai Hengqin Duomei Medical Technology Co., Ltd. ("**Hengqin Duomei**") dated on 20 November 2023, Qianruiwanfu has agreed to dispose of 100% equity interests in Kangbaina, which is a wholly-owned subsidiary of Qianruiwanfu, to Hengqin Duomei, at a cash consideration of RMB3,000,000. On 10 April 2024, the disposal of Kangbaina was completed and resulted in a net loss of approximately RMB326,000.

(i) Details of net loss on the disposal were as below:

| | **2024** |
|---|---|
| | ***RMB'000*** |
| Total cash consideration *(note)* | **3,000** |
| Carrying amount of net assets of Kangbaina at the date of disposal | **(3,326)** |
| **Net loss on the disposal of Kangbaina** | **(326)** |

*note:*

The consideration of RMB3,000,000 was prepaid by Hengqin Duomei on 29 December 2023 as deposits for the transaction.

(ii) The carrying amounts of net assets of Kangbaina as at the date of disposal was as below:

| | **As at 10 April 2024** |
|---|---|
| | ***RMB'000*** |
| Property, plant and equipment | **93** |
| Intangible assets | **649** |
| Inventories | **101** |
| Trade receivables | **2,629** |
| Deposits, prepayment and other receivables | **348** |
| Cash and cash equivalents | **339** |
| **Total assets** | **4,159** |
| Deferred income tax liabilities | **(162)** |
| Trade and bills payables | **(80)** |
| Other payables and accrued expenses | **(438)** |
| Contract liabilities | **(153)** |
| **Total liabilities** | **(833)** |
| **Carrying amount of net assets of Kangbaina at the date of disposal** | **3,326** |

(iii) The cash flows from the disposal of Kangbaina were as below:

| | **2024** |
|---|---|
| | ***RMB'000*** |
| Cash received | **—** |
| Cash and cash equivalents disposed | **(339)** |
| **Cash outflow from disposal of Kangbaina, net** | **(339)** |

**(b) Disposal of Zhongshan Wanhan Pharmacy Co., Ltd., Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. and Zhongshan Wanhan Pharmaceutical Co., Ltd. (collectively the "Wanhan and Wanyuan")**

On 5 May 2023, Qianruiwanfu entered into an equity transfer agreement with Zhuhai Jiatai Chengzhang Investment Co., Ltd. (the "Purchaser"), which is controlled by Ms. Peng Wei (a substantial shareholder of the Company) and the Wanhan and Wanyuan, which are subsidiaries of the Group, pursuant to which Qianruiwanfu has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 51% equity interest in each of the Wanhan and Wanyuan at the total cash consideration of RMB137,700,000.

The associated assets and liabilities were consequently classified to assets classified as held for sale and liabilities associated with assets classified as held for sales respectively as at 5 May 2023. As the Wanhan and Wanyuan are a single cash generating unit (the "CGU") of the Group, and is a separate major line of the weight-loss and other medicines segment, the profit or loss of the Wanhan and Wanyuan for period then ended were presented as "discontinued operations" in the interim condensed consolidated statement of comprehensive income.

On 30 June 2023, the disposals of the Wanhan and Wanyuan were completed.

(i) Loss for the year from discontinued operations of Wanhan and Wanyuan was as below：

| | 2023 |
|---|---|
| | *RMB'000* |
| Loss for the year | (167,225) |
| Net loss on the disposals | (8,547) |
| | (175,772) |
| Loss for the year from discontinued operations attributable to: | |
| — Owner of the Company | (117,501) |
| — Non-controlling interests | (58,271) |

(ii) The cash flows from the disposals of Wanhan and Wanyuan were as below:

| | 2023 |
|---|---|
| | *RMB'000* |
| Cash consideration received | 137,700 |
| Transaction costs paid | (431) |
| Cash and cash equivalents disposed | (50,896) |
| **Proceeds from disposals of Wanhan and Wanyuan, net** | 86,373 |

**(c) Disposal of Henan Xueyinghua Pharmaceutical Co., Ltd. ("Henan Xueyinghua")**

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and a third party, Tibet Jing Zhiyuan Trading Co., Ltd. (the "Jing Zhiyuan") dated on 8 September 2023, Qianruiwanfu has agreed to dispose of 100% equity interests in Henan Xueyinghua, which is a wholly-owned subsidiary of Qianruiwanfu, to Jing Zhiyuan, at a cash consideration of RMB14.8million.

As Henan Xueyinghua is a single CGU of the Group, and is a separate line of the weight-loss and other medicines segment, the profit or loss of Henan Xueyinghua for years then ended were presented as "discontinued operations" in the consolidated statement of comprehensive income.

On 19 September 2023, the disposal of Henan Xueyinghua was completed and resulted in a net loss of approximately RMB16.74 million.

(i) Loss for the year from discontinued operations of Henan Xueyinghua was as below：

| | 2023 |
|---|---|
| | *RMB'000* |
| Loss for the year | (5,894) |
| Net loss on the disposal | (16,743) |
| | (22,637) |
| Loss for the year from discontinued operations attributable to: | |
| — Owner of the Company | (22,637) |
| — Non-controlling interests | — |

(ii) The cash flows from the disposal of Henan Xueyinghua were as below:

| | 2023 |
|---|---|
| | *RMB'000* |
| Cash received | 14,800 |
| Cash and cash equivalents disposed | (2) |
| **Proceeds from disposal of Henan Xueyinghua, net** | 14,798 |

## 12. TRADE AND BILLS PAYABLES

The aging analysis of the trade and bills payables based on their respective invoice and issue dates are as follows:

| | **As at 31 December 2024** *RMB'000* | As at 31 December 2023 *RMB'000* |
|---|---|---|
| 0–90 days | **3,087** | 15,925 |
| 91–180 days | **—** | 12 |
| Over 180 days | **69** | 610 |
| | **3,156** | 16,547 |

## 13. SHARE CAPITAL

Ordinary shares, issued and fully paid:

| | **Number of ordinary shares** *(thousands)* | **Nominal value of ordinary shares** *US$* | **Equivalent nominal value of ordinary share** *RMB'000* |
|---|---|---|---|
| *Authorised:* | | | |
| Ordinary shares of US$0.0003333332 each | | | |
| **At 1 January 2023, 31 December 2023 and 2024** | 150,000,000 | 50,000 | 341 |
| *Issued and fully paid:* | | | |
| **At 1 January 2023, 31 December 2023 and 2024** | 122,265,585 | 40,755 | 288 |

## 14. DIVIDENDS

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Interim dividend paid for the current year, of HK$0.9 (2023: Nil) per ordinary share | **99,624** | — |

On 2 September 2024, the Board has declared a dividend of HK$0.9 per share, amounting to a total dividend of HK$110,039,000 (equivalent to approximately RMB99,624,000).

Pursuant to the board resolution on 31 March 2025, the Board has resolved to recommend for declaration and payment of a final dividend of HK$10 cents per share (approximately HK$12,227,000 in aggregate) for the year ended 31 December 2024 (2023: Nil), subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

## 15. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

As disclosed in Note 5 to the consolidated financial statements, the Company has invested HK$100 million (equivalent to approximately RMB91,747,000) in GOSP6 in October 2023. On 3 March 2025, the board of directors has revolved to authorize the Chairman and the CEO of the Company to execute early redemption of such investment in GOSP6, and to make every effort to ensure the collection of the investment principal and related returns.

On 26 March 2025, the Company has formally rendered a redemption notice to the Fund Manager, requesting the Fund Manager to return the underlying assets held by GOSP6 to the Company and disposal of the Company's interests in GOSP6 as follows:

(i) To return cash in bank balances held by GOSP6 amounting to HK$12,000,000 (equivalent to approximately RMB11,074,000) as cash redemption; and to transfer the Preferred Share Investment with initial investment cost of USD1,800,000 (equivalent to approximately RMB12,921,000) to the Company as redemption-in-kind; and

(ii) To arrange a third-party company ("Buyer") to acquire the interests in GOSP6, after the cash and redemption-in-kind stated under (i) above, from the Company at a consideration of HK$78,000,000 (equivalent to approximately RMB71,981,000), to be settled in certain equity shares in a third-party private company held by the Buyer with equivalent value.

## EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor has issued a qualified opinion in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024. The details of which are extracted as follows:

### Our qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Qualified Opinion

As disclosed in Note 12(c) to the consolidated financial statements, the Group invested in a segregated portfolio of a fund (the "Fund") managed by a third-party asset management company (the "Fund Manager"). The Fund was accounted for as a controlled structured entity and was consolidated in the Group's consolidated financial statements.

*Loan Receivable*

During the year ended 31 December 2024, the Fund advanced a loan (the "Loan Receivable") to a third party ("Borrower") amounting to HK$70,000,000 (equivalent to approximately RMB64,823,000) (Note 12(c)(ii), Note 23 to the consolidated financial statements). The Loan Receivable is interest bearing, matures three years from the date of grant and is classified in the consolidated balance sheet as at 31 December 2024 as a financial asset measured at amortised cost net of impairment charge. For the year ended 31 December 2024, interest income was accrued on the Loan Receivable and recorded as other income in the consolidated statement of comprehensive income (Note 8 to the consolidated financial statements). As at 31 December 2024, the carrying amount of the Loan Receivable including accrued interest of RMB4,899,000 was RMB69,793,000.

Management of the Group provided us with a summary of the key terms of the Loan Receivable (the "Summary") obtained from the Fund Manager. The Summary consists of certain information regarding the Loan Receivable, including the name of Borrower and the guarantor, interest rate, tenure, collateral etc.

Management, however, was unable to provide sufficient and appropriate evidence to support the details of the Loan Receivable, such as a complete version of the loan agreement, supporting documents for the fund flows to Borrower or the business rationale and commercial substance for advancing the Loan Receivable. In addition, we were not able to arrange a direct confirmation of the Loan Receivable with the Borrower.

Management has provided us with a report of the net asset value of the Fund (the "NAV Report") as at 31 December 2024, including an amount related to the Loan Receivable of HK$75,367,000 (equivalent to approximately RMB69,793,000), which was obtained from the Fund Manager. As represented by management, the Fund Manager performed an expected credit loss ("ECL") assessment and concluded that no ECL allowance was necessary for the Loan Receivable as at 31 December 2024. Management, however, was unable to provide us with the detailed ECL assessment as at the same date, nor was it able to provide details of the estimation technique, financial condition of Borrower and the guarantor, or the valuation of the collateral supporting management's ECL assessment of the Loan Receivable.

Given the above scope limitations, there were no other satisfactory procedures that we could perform to satisfy ourselves as to the nature of the Loan Receivable, its existence, classification, measurement, impairment and related disclosures. Consequently, we were unable to determine whether any adjustments might be necessary to the Loan Receivable and the related interest income accrual included in other income to the consolidated financial statements as at 31 December 2024 and for the year then ended; and whether disclosures of the Loan Receivable are sufficient and appropriate.

*Preferred Share Investment*

As at 31 December 2024, the Fund also held a preferred share investment in a third-party entity (the "Preferred Share Investment") classified in the consolidated balance sheet as a financial asset measured at fair value through profit or loss amounting to RMB12,947,000 (Note 12(c)(i), Note 22(c) to the consolidated financial statements). The initial investment cost of such Preferred Share Investment was USD1,800,000. Management recognised the fair value of the Preferred Share Investment based on a revaluation statement provided by the Fund Manager. As represented by management, the Fund Manager performed a fair value assessment of the Preferred Share Investment and concluded that the fair value changes on this Preferred Share Investment for the year ended 31 December 2024 were attributable to immaterial foreign exchange changes.

Management has provided us with the aforesaid revaluation statement as of 31 December 2024, showing the valuation of the Preferred Share Investment amounting to HK$13,981,000 (equivalent to approximately RMB12,947,000). Management, however, was unable to provide us with the detailed fair value assessment, nor was it able to provide details of the valuation techniques used, significant assumptions and critical estimates made in supporting management's assessment of the fair value of the Preferred Share Investment. Consequently, we were unable to determine whether any adjustments might be necessary to the fair value of the Preferred Share Investment and whether disclosures on the fair value assessment of the Preferred Share Investment are sufficient and appropriate.

Any adjustments to the Loan Receivable and the Preferred Share Investment might have consequential effects on the financial position of the Group as at 31 December 2024 and its financial performance for the year ended, and the related disclosures in the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2024 in this preliminary announcement as set out above have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## BUSINESS REVIEW AND PROSPECTS

## OVERVIEW

During the Reporting Period, the Group achieved revenue of RMB484.3 million, representing a year-on-year decrease of 10.8% from RMB542.9 million in 2023. The Group recorded a total comprehensive income of RMB16.8 million in 2024, compared to a total comprehensive loss of RMB358.6 million in 2023. The year 2024 marked a significant year of reform and development for the Company. The Group faced multiple challenges such as changes in external environment, insufficient domestic demand, difficulties in business operation, and pressure on employment and income growth. Against this backdrop, the management and staff of the Company actively responded by deepening internal reforms and transforming positive factors from all parties into development momentum, which achieved satisfactory operating results and demonstrated initial results of the business partnership reform.

The business partnership system was launched in September 2023 and was fully implemented across the e-commerce and OTC business segments as well as the IT service support and logistics service departments in 2024, effectively stimulating the enthusiasm of all parties. The e-commerce business partners shifted their business philosophy from pursuing scale to pursuing profit, actively expanded new retail in e-commerce, explored a second growth curve, and developed new business lines on Douyin and Kuaishou. By optimizing product structure, operation mode and marketing strategy and building a flexible supply chain, the e-commerce business achieved the best operating results since its inception. In response to the dwindling chain terminals, the OTC business partners took proactive measures to strengthen cooperation with terminal stores, chain headquarters, and agents to optimize business relationships and achieve mutual benefits and win-win outcomes. Meanwhile, price and channel management was strengthened to lay the foundation for stable development. The IT and logistics support departments have also improved their efficiency and service quality.

From September 2024, the Group further promoted and improved the partnership system, which further strengthened the partner compensation incentive system with profit as the core objective. It shifted the focus from scale and short-term benefits to enhancing partners' profit awareness and concept of sustaining long-term market development. The management of the Group continued the practice of supporting business departments by working at the grassroots level, with the vice president providing targeted assistance to the OTC business unit and solving problems at the front line. The Group's headquarters and production departments optimized and streamlined staffing and enhanced work efficiency with significant achievements in cost reduction and efficiency improvement.

Looking ahead to 2025, the Company will continue to improve its partnership system, build an efficient production, service and management system, continue to promote cost reduction and efficiency improvement, and optimize its product and business layout. The Group will actively adapt to market changes, promote the rejuvenation of Besunyen brand and enhance brand awareness through multi-channel strategies such as social media marketing and content marketing. The Group will continue to increase investment in research and development, promote product innovation, enhance consumer experience, and optimize online shopping and after-sales services.

In terms of business cooperation, the Group will leverage the flexibility of new partnerships, strengthen in-depth strategic cooperation with business partners, focus on developing partnerships with the top 100 national chain stores, and carry out a variety of marketing activities and staff training in order to improve terminal distribution rate and turnover rate. The e-commerce business will focus on profitability, further improving quality and efficiency, reducing operating and logistics costs, exploring new models and sourcing new products. At the same time, it will actively explore new e-commerce models such as O2O, B2C, live streaming, short videos, and interest-based e-commerce to adapt to the changing consumer purchasing scenarios.

In addition, the Group will enhance the efficiency of its operation and management, secure product supply, strengthen data support, strengthen staff training and improve the performance management system. It will continue to make good use of its internal newsletter for better teamplay and establishing a good communication and feedback mechanism.

In 2025, Besunyen will stay true to its original intention to contribute more high-quality products to the development of the big health market and the well-being of Chinese people, and help realize China's health dream.

## OVERVIEW OF THE INDUSTRY WHERE THE GROUP OPERATED DURING THE REPORTING PERIOD — INDUSTRY POLICIES AND DEVELOPMENT

### 1. Overview of the industry where the Group operated

The Group was principally engaged in the production of health food and sales of food products and medicines.

In broad terms, health food refers to the food, drugs and other devices and supplies that people need in their daily life and have the protection and health benefits for human body. Health product is a colloquial term in China for health food. According to China Healthcare Association and the Interpretations of the Food Safety Law of the People's Republic of China, health food is defined as food that have specific health functions or supplement vitamins and minerals intake, which is suitable for consumption by specific groups of people and regulates human body functions, but is not used for the purpose of treating diseases, and should not pose any acute, sub-acute or chronic hazard to the human body.

### 2. Policies of the health food industry

During the "12th Five-Year" period (2011–2015), the "nutrition and health food manufacturing industry" was included in the national development plan for the first time. In June 2017, the State Council issued the National Nutrition Plan (2017–2030), which proposed to focus on the development of new nutrition and health food such as health food, nutrient-fortified food and double protein food. The "14th Five-Year" Plan for the Development of Traditional Chinese Medicine was issued in 2022, which proposed to vigorously develop the Chinese medicine health products, and advocated to vigorously develop the Chinese medicine health products at the national level.

In April 2020, seven ministries and commissions including the State Administration for Market Regulation jointly issued the Special Action Plan for Clean-up and Rectification of Health Food Industry (2020–2021).

On 17 January 2022, the State Administration for Market Regulation issued public solicitation documents such as the Announcement on the Publication of Non-nutrient Supplements in the Catalog of Healthcare Functions that Health Foods Are Permitted to Claim to Possess (2022 Edition) and Supporting Documents (Draft for Comments), and the Interpretations of Function Claims for Health Foods (2022 Edition) (Draft for Comments).

On 28 August 2023, the State Administration for Market Regulation issued the Implementation Rules for Technical Evaluation of New Functions and Products of Health Foods (Trial), and on 31 August 2023, three ministries and commissions, namely the State Administration for Market Regulation, the National Health Commission and the National Administration of Traditional Chinese Medicine, issued the Non-nutrient Supplements in the Catalog of Healthcare Functions that Health Foods Are Permitted to Claim to Possess (2023 Edition) and the supporting documents. Seeing that the market supervision becomes more stringent in the context of stricter regulation, the brand reputation and product quality of enterprises will become the key to competition. Enterprises need to win the trust of consumers by improving product quality, strengthening brand building and improving marketing strategies, and the development of the entire industry will be more standardized and orderly.

On 29 November 2023, the National Health Commission issued the Administrative Measures for Food Safety Standards (Order No. 10 of the National Health Commission), which came into effect on 1 December 2023. The Administrative Measures for Food Safety Standards have adjusted the purpose and scope of formulation, emphasized the implementation of the "most stringent standards", and clarified that food safety standards include national food safety standards and local food safety standards.

On 15 June 2023, the State Administration for Market Regulation issued the Measures for the Administration of Food Trade Licensing and Recordation (Order No. 78 of the State Administration for Market Regulation), which came into effect on 1 December 2023. The measures further clarified the scope of food trade permit and the specific circumstances under which a food trade permit is not required. In particular, a trade enterprise that only sells prepackaged food is not required to obtain a food trade permit.

On 22 December 2023, the State Administration for Market Regulation issued the Guidelines for Normative Labeling of Health Food Logo, aiming to guide health food producers and operators to further standardize the labeling of health food logos, correctly guide consumption, and create a fairer and more orderly market.

Published in December 2023, the Notice of the General Office of the National Health Commission on the Issuance of the Guiding Principles on Weight Management (2024 Edition) further implemented the "Weight Management Year" Activity Implementation Plan, advocating a civilized and healthy lifestyle, guiding medical and health personnel to carry out weight management work scientifically, further strengthening the earlier prevention and control of chronic diseases, enhancing the standardization level of weight management, especially the prevention and control of overweight and obesity, strengthening health education and promotion on chronic diseases and related risk factors, guiding the public to improve awareness and skills in weight management, and continuously improving the health literacy level of the people.

On 27 December 2023, the State Administration for Market Regulation issued a public solicitation announcement on the Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale (Draft for Comments). On 1 November 2024, the State Administration for Market Regulation issued the Announcement on Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale [2024 No. 49], which stated a 5-year transition period for renewal application starting from 31 August 2023.

**3. Development of the health product industry**

China's big health industry has an important position and potential globally, especially in the consumer health product industry. In October 2022, the 20th National Congress Report clearly stated that it is necessary to advance the Healthy China initiative, give strategic priority to ensuring the people's health and improve policies on promoting people's health. The big health industry was one of the important industries to advance the Healthy China initiative. China has attached great importance to people-oriented concept, and the government has proposed a feasible new medical reform proposal and the healthy development strategy of "Healthy China 2030". This policy has lifted the basic national policy of being a "healthy strong country" to a national strategic level, in which the government will further increase its investment in medical health industry. Favorable policies have also become an important driving force for the development of the big health industry. People have increased health awareness which accelerated the growth of consumer demand for health products. This trend is prevalent globally, creating new growth opportunities for the consumer health product industry. It is forecasted that, by 2025, the size of China's consumer health product industry will reach US$62.401 billion and will maintain at a growth rate of over 6%. This indicates that the Chinese market has great potential and will be an important growth point for the global health product industry.

McKinsey's latest Future of Wellness research surveyed more than 5,000 consumers across the United States, the United Kingdom, and China. In China, 62% of consumers consider wellness a top priority in their everyday lives, which is significantly higher than in the United States at 41% and in the United Kingdom at 29%. More Chinese consumers are prioritizing wellness more now than a year ago. More notably, when they are asked whether they would adjust health spending if overall consumption levels declined, 74% of consumers responded that they would rise or increase health-related spending. Gen-Z and millennial consumers are particularly concerned about health. They are now purchasing more wellness products and services than older generations, across health management, sleep improvement, diet and nutrition, physical fitness, scientific skin care, and mindfulness.

According to the latest report by Technavio, the global health and wellness food market size is estimated to grow by USD627.6 billion at a compound annual growth rate of 9.8% between 2025 and 2029.

**4. Position of the Group's principal activities in the industry**

The Group has focused on the research and development, production, sale and promotion of therapeutic teas for 25 years. Long-term focus and experience accumulation give the Company significant advantages in product development and market insight. The Company always adheres to the product strategy of "One Focus and Two Dimensions", focusing on core products including the "Four Health Teas of Besunyen", namely, Besunyen Detox Tea, Besunyen Slimming Tea, Besunyen Fit Tea, and Besunyen Relief Tea, and actively expanding the market of innovative products such as Orlistat capsules. Through continuous optimization of product structure, rapid upgrade of products and services, and continuous launch of products that meet diversified health needs, we have gained recognition and trust from consumers. According to the statistics of Tmall and JD.com platforms, the sales of Besunyen brand products ranked among the top of health food and weight-loss and slimming categories.

The Company currently owns 25 approvals for health food (13 for teas, 7 for granules and 5 for capsules) with therapeutic functions covering weight loss, laxative relief, physical fatigue relief, sleep improvement, reduction of skin age spots, immunity enhancement, assistance in lowering blood sugar level and so on. As the largest therapeutic tea enterprise in China, the Company has eighteen health tea production lines equipped with the state-of-the-art IMA-C24 fully automatic tea bag machine from Italy, and it also has the strongest production capacity. All the products of the Company have passed the certifications of ISO9001, ISO22000 and HACCP.

The business of the Company's agency sales segment developed steadily and healthily. In 2024, the Company optimized the structure and variety of agent products, significantly reducing the variety and specification of the agent products. As a result, remarkable improvement was seen in operational quality, with Orlistat weight-loss medicine, collagen, minoxidil, and cross-border Vita Eslife WEIGHT HEALTH CAPSULE ranking among the top in sales within their respective categories.

## BUSINESS OPERATION AND MANAGEMENT REVIEW

Since September 2023, the Company has carried out the reform of the business partnership system, and 2024 was the first year of the official operation of the partnership system reform, in which the business partnership system was fully implemented across the e-commerce and OTC business segments as well as the IT service support and logistics service departments. Experience over the past year has proved that the implementation of the business partnership system effectively stimulates the enthusiasm of all parties and achieves satisfactory operating results. In response to the dwindling chain terminals, the OTC business partners took proactive measures to strengthen cooperation with terminal stores, chain headquarters, and agents to optimize business relationships and achieve mutual benefits and win-win outcomes. After becoming partners, the employees of the e-commerce business shifted their business philosophy from pursuing scale to pursuing profit, actively expanding new retail in e-commerce, exploring a second growth curve, and nurturing new business lines on Douyin and Kuaishou. By optimizing the product structure, operating model, and marketing strategies, a flexible supply chain was established, achieving the best operational results since the establishment of the e-commerce business. The marketing department strengthened price and channel management, laying the foundation for stable development. In the fourth quarter of 2024, the remuneration mechanism for business partners was refined, providing a systemic guarantee for higher quality operations in the future. The IT and logistics departments also enhanced efficiency and service quality, all for the sake of the business.

During the Reporting Period, the operation and management of the Group focused on the following aspects:

1. **Utilizing chain membership for precise promotion offline, conducting diversified cooperation and live-streaming promotion activities, strengthening channel and price management, and creating a favorable marketing environment**

   The offline business is expanded and managed by a marketing company established through restructuring by four partners, acting as an agent for the offline operations of the OTC business. As a business partner of the Group, the marketing company's main business cadres are shareholders of the sales company, significantly enhancing their work motivation and initiative. Business management has become more refined, and the service scope covered major cities nationwide. In response to the different characteristics of NKA, LKA and the like, effective development and management were conducted, focusing on the development of partnerships with the top 100 national chain stores, covering 290 thousand pharmacies and pharmaceutical third terminals in China. They supported each other in product training, business negotiation, terminal construction and marketing strategy formulation to ensure service quality and efficiency.

In terms of marketing model, the Company leveraged the membership resources of chain pharmacies to conduct joint activities with chains and deployed its advantages in online e-commerce live streaming to assist customers in developing live streaming businesses, and reaching multiple strategic collaborations and using prime resources. In terms of the new retail business, it strengthened the cooperation with terminal businesses and enhanced deep interaction with chains and businesses. Utilizing O2O, live streaming and other sales models, it conducted consumer education by utilizing customers' own platforms and membership resources, and increased offline customer experience through online and offline interactive communication, etc., so as to attract customers and increase the number of new market channels.

Starting from August 2024, the four marketing companies have concentrated all personnel to carry out visits and cooperation activities arrangements in major cities within each region, including headquarters chains, regional headquarters chains, regional chain organizations, and terminal pharmacies, and comprehensively penetrated the market. Through nearly half a year's work, a thorough organization of terminal business was conducted, strengthening relationships with commercial institutions and terminal stores. Sales work was fostered through jointly organized promotional activities.

To create a favorable marketing environment, the four marketing companies leveraged their self-management capabilities to formulate corresponding management measures and penalty regulations. The issue of bugsell of the Company's related products through channels has been greatly improved, stabilizing the market pricing of the products and ensuring the stability of profit expectations for agents and terminals, as well as confidence in market operations.

2. **Further integrating business units and resources in the e-commerce food product line, promoting new customer recruitment hyperlinks, optimizing promotional tools and strategies, and enhancing sales scale and operations**

In 2024, the three agency operation companies established by e-commerce became the agency operators for the Group's e-commerce business, as well as new retail businesses on platforms such as Douyin and Kuaishou. The agency operation of the e-commerce business aims at profitability, with refined operations continuously optimizing products, supply chain, channels, and logistics to reduce costs and enhance efficiency.

In 2024, the non-pharmaceutical line Pinduoduo department was merged from its original standalone business unit into the non-pharmaceutical retail business unit, unifying the retail operations. The adjustment of the organizational structure has facilitated the advancement of business. During the initial phase of business adjustment, there was a temporary decline in sales after coordinating and modifying the resource position for the main product, Fit Tea 32 packs. This is an inevitable throe during business adjustment. In order to boost daily sales volume and successfully excel the Double 11 event, a comprehensive plan was developed from multiple perspectives, including promotion expenses and platform resource positions, to revamp the main Besunyen Fit Tea series. Pinduoduo platform's daily sales exceeded 50 thousand during the Double 11 period. The monthly sales revenue of Besunyen Healthcare Products Flagship Store increased from over RMB800 thousand in September-October to surpassing RMB1 million per store in November-December.

Tmall U started the new customer recruitment promotion first to support new customers to our brand. In May 2024, the Besunyen Official Flagship Store and Tmall U attracted potential customers through the "Warehouse Entry Marketing Model" trial experience, reducing the logistics cost of new customer recruitment. The original solitary mode was changed, and we started to seek in-depth cooperation with platforms. This reduced the brand's marketing costs and enhanced the brand's market competitiveness, helping the brand stand out in fierce market competition. Tmall Supermarket integrated resources and advanced hyperlinks. Tmall Supermarket advances the Hyperlink Formation Project. After one year, hyperlink has been developed into a beloved product with monthly sales of one million, representing a year-on-year growth of approximately 100%. Through continuous efforts in the Hyperlink Project, the sales revenue of the Tmall Supermarket channel has increased year by year, and the operational results have also grown simultaneously.

During the 2024 JD Double 11 event, the JD Besunyen flagship store successfully achieved the top sales position in the slimming and body shaping category with its high-quality slimming and body shaping products. During large-scale promotional events like Double 11, the series of marketing strategies and measures adopted by Besunyen enhanced the brand's influence and sales performance.

3. **Restructuring the business operation model of the e-commerce pharmaceutical line, adjusting product strategies and promotion methods to enhance performance**

   After the restructuring, Tmall Pharmaceuticals adjusted its sales strategy for pharmaceuticals to further enhance its market competitiveness. Among them, relaunching the new product Orlistat in a 6-pill package and capturing the internal market was one of the important initiatives. By signing a long-term cooperation agreement with online shoppers and leveraging their promotional capabilities, the market awareness and sales of Orlistat were rapidly increased, with the sales of a single product exceeding 1 million boxes. At the same time, Tmall Pharmaceuticals has also adopted comprehensive operational strategies such as optimizing product lines, strengthening brand building, and expanding sales channels to support the overall business development.

   In 2024, the Company promptly switched its JD pharmaceutical business from a self-operated model to a POP model, actively adjusting operational strategies to adapt to the new business model and ensure stable development of the business. The joint operation of POP and self-operated models was achieved, the space for development for the Company's pharmaceutical business on the JD platform was expanded, and it is hopeful that the performance can be further enhanced.

4. **Continuously exploring the operation model of new retail businesses including Douyin, Kuaishou and cross-border e-commerce to seek new growth points**

   With the rapid development of short video platforms such as Douyin and Kuaishou, a team was formed on the basis of traditional e-commerce business to actively explore new businesses on Douyin, Kuaishou, and cross-border e-commerce. The Douyin Supermarket business of Douyin E-commerce has developed rapidly. The Company has reached a business cooperation with Douyin Supermarket, establishing an authorized brand self-operated live streaming account for Douyin Supermarket. By leveraging the endorsement of Douyin Supermarket and Besunyen's products, they achieved a win-win situation. Through the Douyin Supermarket channel, they expanded Besunyen's growth in Douyin business, solved the issue of Douyin Supermarket connecting with KuaiMai ERP for delivery, and improved work efficiency and customer service experience.

5. **Changing the business model of cross-border e-commerce to create a new model of brand operation**

With the launch of the cross-border proprietary brand product, namely Besunyen Vita Eslife WEIGHT HEALTH CAPSULE, in April 2024, the previous model of low-price competition purely through product agency in cross-border e-commerce business was adjusted and improved, and gradually shifted towards the path of branded operation development. The transformation of the cross-border e-commerce business model has laid a solid foundation for the long-term development of the business.

6. **Strengthening self-broadcast businesses such as Douyin and achieving multi-scenario and extensive time coverage to adapt to the characteristics of the new media era**

The Company has placed great emphasis on online marketing, with a focus on strengthening its Douyin self-broadcast business. The new business line transitioned from outsourced live streaming to self-operated live streaming based on the operational status of Douyin, with plans for Douyin's self-operation and live streaming room preparation starting from the end of October, including the selection of the park location for the live streaming site, the decoration of the office and live streaming room, the procurement of equipment, and the construction of the live streaming room. As real-scene live streaming was adapted, providing higher clarity in the live streaming room, the host could easily present the products in front of the camera and offer a sense of reality to customers. As for the setting up of a live streaming team, hosts and central control staff were recruited. In the official Besunyen live streaming room, there were four hosts and three central control staff, requiring more than 15 hours of live streaming every day, and non-stop live streaming during major promotions. Single-session sales exceeded RMB27 thousand on the first live broadcast date of 12 November, and the live broadcast sales of over RMB430 thousand and the accumulated live broadcast duration of over 180 hours were recorded in the first month. The Company is gradually setting up a self-broadcast team consisting of full-time and part-time hosts, such that it can control the hosts and profits and flexibly manage live streaming traffic.

7. **Using AI technology to empower content creation and enhance work efficiency**

The rapid development of AI technology has provided a powerful tool for enhancing content creation efficiency and reducing design costs. Besunyen is actively exploring the application of AI in content creation. In order to attract young users, AIGC was used to establish a unified brand online VIS visual system. Besides, the Company used AI to provide diverse design solutions, reduce communication trial-and-error costs, and improve design efficiency. Combined with business, AI was used to revolutionize content work models and improve creation efficiency and effectiveness. AI empowerment significantly enhanced content creation efficiency and quality, providing strong support for brand operations and product promotion.

8. **Continuously enhancing brand image offline and facilitating in-depth cooperation and win-win cooperation with marketing channels and platforms**

In 2024, the Group achieved channel expansion and upgrading through close cooperation with the top 100 domestic chains. Leveraging the extensive influence and reputation of these chains, the Group expanded the product's influence and national coverage through their member's days and live-streaming operations. At the same time, the Company launched large-scale annual activities such as "Detox and Control, Faster Weight Loss" (一排一控、減肥加速) which focused on the weight-loss market and attracted a large number of weight-watchers, thereby increasing the brand's attention in the market.

9. **Further optimizing the operational mechanism and improving the performance-based remuneration mechanism to promote the long-term healthy development of the business**

The year 2024 marked the first full year operation of the Company's partnership system reform, with the initial effects of the reform starting to crystallize. As shareholders of the Company, the partners have established a long-term business philosophy and set a profit-centered business objective. Consequently, the partnership enterprise has undertaken a reorganization of its business departments, optimized existing businesses and expanded new businesses, readjusted work assignments, optimized relationships with business partners, and reformed the supply chain. This has resulted in product structure optimization, improved supply efficiency and quality, ultimately enhancing profitability. However, the reformed OTC business still followed the compensation performance evaluation method used prior to the reform, which was mainly linked to sales volume. This method has become completely unsuitable for the post-reform requirements aimed at profitability. Starting from 2024, the chairman of the Company personally led the reform of the partner compensation mechanism, reducing the basic salary and linking the performance mainly to profit contribution. This has laid a solid mechanism foundation for higher quality operations in future years and will strongly facilitate long-term healthy business development.

10. **Establishing and improving the quality system to achieve quality objectives**

The CPC Central Committee attaches great importance to food safety, which adheres to the four strictest requirements in food safety, namely "the strictest standards, the strictest supervision, the strictest penalties and the strictest accountability", to ensure the food safety of the general public. The Company attaches great importance to quality management, strives to establish and improve the quality management system, continuously improves quality management methods, and actively addresses quality risks to achieve high-quality development.

Staff education and training were strengthened. By regularly participating in quality training organized by regulators and sharing the latest information, our staff enhanced their quality awareness and were equipped with more professional skills and knowledge to ensure the effective implementation and continuous improvement of the quality system. In strict adherence to the project improvement plan, the Company constantly identified issues, formulated improvement measures and tracked implementation effects to ensure continuous optimization of the entire system. In addition, through regular reviews, it promptly identified and corrected deficiencies in the system to gain the trust and recognition of customers and third parties.

The Company has established a complete production quality management system in accordance with the laws and regulations including the Food Safety Law, the National Food Safety Standards — Good Manufacturing Practices for Health Food (GB17405), the Rules for the Examination of Production Permits for Health Food, the National Food Safety Standards — Health Food (GB16740), the Regulations on the Labeling of Health Food (Wei Jian Fa [1996] No. 38), and the Guidelines for Warning Words on the Labeling of Health Food. On this basis, the Company has passed the ISO9001 quality management system, ISO22000 food safety management system and HACCP key control point system certification, providing a strong guarantee for the Company's high-quality products, and laying a solid foundation for products to gain full trust from consumers and enhance market competitiveness.

## ANALYSIS OF COMPETITIVENESS DURING THE REPORTING PERIOD

### 1. Building a brand communication matrix to achieve the goal of integrated marketing, focusing on the needs of Gen-Z consumers, innovating communication content and methods, expanding communication platforms, enhancing brand influence, and attracting new customers

In 2024, Besunyen made every effort to establish a brand communication matrix, focused on the habits of the younger generation of consumers, innovated communication content and methods, expanded the use of more communication platforms, conducted scene-based marketing, which enhanced brand influence and customer loyalty.

#### *(1) Continuing to build a brand communication matrix for market promotion to achieve the goal of integrated marketing*

By conducting an in-depth analysis of the competitive environment of the market and gaining insights into the needs of the target audience, a strategy was formulated to transition from single-point communication to a systematic brand communication matrix. Through integrating various channel resources, including advertising placement, social media promotion, and collaboration with influencers, a complete marketing chain has been established. Brand image and recognition were significantly enhanced, with a substantial increase in brand visibility, leading to a marked improvement in consumer awareness and favorability, thereby laying a solid foundation for product sales.

***(2) Adapting to the demand characteristics of young consumers and keeping up with marketing trends***

By analyzing the consumption needs and habits of Gen-Z consumers, precise content seeding focusing on products was conducted, with carefully designed content realization pathways to highlight the differentiation of product content selling points. High-quality images, videos, and other means were used for promotion on social media platforms like Douyin and Xiaohongshu, as well as e-commerce platforms, to enhance the product's perception in the minds of consumers.

***(3) Adopting innovative marketing methods, actively exploring creative forms such as Douyin short dramas, AI content creativity, and trending topic marketing***

Leveraging popular events and topics to create brand-specific hotspots, and tailoring communication strategies to align with the brand's tone, the Company has greatly accelerated the pace of marketing, significantly increased brand exposure and interaction on social media, and enhanced the brand image to be more youthful and fashionable, attracting numerous new users.

***(4) Enhancing brand visibility and traffic to drive product sales, integrating brand TVC with sales content, and deeply exploring user needs to enhance brand influence***

Creating from the user's perspective to enhance communication effectiveness; conducting brand promotion, collaborating with multiple companies on proposals, and ultimately producing several brand promotional videos, such as the Profit Edition and Fishing Edition, so as to strengthen brand impression. A creative short film with the theme "Losing weight is actually not that hard," was created using viral advertising methods that align with the logic of short video platforms, setting up reversal points, and coordinating with sales to establish a unified visual hammer. The brand influence has significantly increased, with significant growth in visibility and traffic, strongly driving product sales.

***(5) Expanding the brand's influence on the Xiaohongshu platform, Besunyen established a Xiaohongshu operation team to define operational goals and strategies***

In mid-November 2024, the Xiaohongshu department was established, a 7+1 framework was constructed to define objectives and assessment indicators, and to conduct training for new personnel accordingly. Timelines and objectives were also formulated with work progress recorded, and the direction of content creation was clarified with emphasis on the value and sentiment of notes, providing consumers reasons to choose us. Our Xiaohongshu platform operations achieved phased results, and laid the foundation for the brand's long-term development on the platform.

***(6) Continuously carrying out the theme activity of "Detox and Control, Faster Weight Loss" offline***

The Company continued to carry out the annual theme activity of "Detox and Control, Faster Weight Loss" which was planned by the marketing department of Besunyen in 2023. In order to better promote Besunyen products in the national OTC market and convey the concept of keeping fit healthily, Besunyen has carried out extensive publicity on major media platforms. Through on-site training activities, shop assistants could better understand the advantages and the correct use of products. In a few months, nearly a thousand training sessions were conducted across the country. This theme activity not only enhanced the influence of Besunyen brand, but also established a healthy and professional image among shop assistants and consumers, laying a solid foundation for the long-term development of the brand.

**2. Strengthening the internal driving force of innovation and research and development and accelerating the transformation of scientific and technological achievements**

***(1) Deepening cooperation among the industry, universities and research institutes and successfully completing the special project under the key research and development plan of the Ministry of Science and Technology***

In 2024, the Company continued to carry out cooperation among the industry, universities and research institutes. As the responsible unit of the "Modernization of Chinese Medicine Project", a key research and development plan of the Ministry of Science and Technology, the Company cooperated with well-known universities and research institutes in China for conducting collaborative research, and completed the building of platforms for "Demonstration Research Office for Trial Production and Research of Traditional Chinese Medicine and Compound Health Products", "Demonstration Research Office for Mass Production of Traditional Chinese Medicine and Compound Health Products", and "Demonstration Research Office for Comprehensive Evaluation of the Efficacy of Large Samples of Traditional Chinese Medicine and Compound Health Products". Focusing on "Besunyen Detox Tea", a demonstration research product with good modern research foundation and application prospect, the Company conducted research on functional ingredients, interpretation of modern scientific connotation, research on functional factors and large sample clinical trial and research, which fully demonstrated the scientificity, efficacy, safety and stability of the Besunyen Detox Tea. The successful acceptance of the project will provide a series of research and development and evaluation standards for the TCM health product industry and provide a scientific basis for the precise application and development of TCM health products.

*(2) Accelerating the cultivation of new products and stimulating the endogenous power of innovation and research and development*

In 2024, a series of new regulations for the health food industry were implemented to encourage enterprises to innovate and develop and stimulate the endogenous power of the industry. Focusing on the "One Focus and Two Dimensions" product development strategy, the research and development department accelerated the process of development of new health products, promoted the establishment of new product development projects, and completed a number of safety evaluation studies and registration inspections of new health products.

*(3) Strengthening the secondary development of products, and preparing for the centralized renewal of product certification to ensure the compliance of its products*

The Group deepened the collation of health food approvals, developed health food products for the second time, completed quality research and production review, and facilitated the successful completion of technical upgrade and conversion of the new health products, namely Besunyen Lingzhi Ginseng Granules (碧生源牌靈芝人參顆粒) and Besunyen Lingzhi Goji Berry Poria Tea (碧生源牌靈芝枸杞茯苓茶), effectively expanding the market of healthcare functions such as liver protection, sleep aid and immunity enhancement, so as to better meet the diversified health needs of consumers. It completed the renewal of registration of Besunyen Lingzhi Goji Berry Poria Tea, a health food product with the health function of "assisting in liver protection against toxicity", hence the validity period of the approval was renewed successfully.

On 1 November 2024, the State Administration for Market Regulation issued the Announcement on Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale [2024 No. 49], which stated a 5-year transition period for renewal application starting from 31 August 2023. The Company has made all the preparation works for the centralized renewal of certificates to ensure that the renewal is completed with high quality.

### *(4) Deepening the layout of intellectual property rights*

In 2024, the Company actively facilitated the development and deepening of layout of intellectual property rights, and conducted the exploration and declaration of invention patents, utility model patents and design patents. The intellectual property management system was improved to comprehensively protect its knowledge and achievements. During the year, the Company applied for 2 invention patents and was granted 3 invention patents and 1 utility model patent authorisation. In particular, the invention patent declared to protect the technology of Besunyen Slimming Tea was granted successfully, which helps to enhance the technological content and increase the market recognition and consumer trust of the product.

### *(5) Independently conducting academic research on products and publishing high-level academic articles*

In recent years, health food regulators have required health food products to strengthen scientific research and clinical validation, increasing registration requirements and market entry thresholds. In order to ensure the smooth declaration of the new healthcare product of slimming chewy bites, the R&D department independently carried out basic research and product efficacy validation, and successfully published two academic articles in core journals in July 2024. An academic article titled "Optimization of Extraction Process for α-AI from White Kidney Beans and Evaluation of Its Efficacy in Combination with L-carnitine" (《白蕓豆澱粉酶抑制劑提取工藝優化及與左旋肉堿復配物功效評價》) was published in the journal "Tianjin Agricultural Sciences"; and another academic article titled "Weight Loss and Blood Sugar Reduction Effects of L-carnitine and White Kidney Bean Extract Compound Preparation on Obese Rats" (《左旋肉堿與白蕓豆提取物複合製劑對肥胖大鼠的減重降糖功效》) was published in the journal "Specialty Research". The R&D department actively leveraged its expertise to design reasonable experimental plans, systematically assess the safety and effectiveness of products, and generate reliable data support while saving R&D costs for the Company.

## 3. Continuously facilitating modern production management and creating high-quality products from the source

The Company always adheres to the concept of innovation and excellence, and is committed to providing consumers with high-quality products and actively promoting modern production management. By continuously learning and introducing international advanced production management concepts and tools, the Company controlled the whole process of production, and continuously optimized the production and quality management process. It applied international advanced production processes and procedures according to product conditions, combined with self-developed technologies to ensure product uniqueness and superiority.

*(1) Implementing full life cycle management of products*

Before the product is launched, strict control is carried out in terms of process route design, supplier selection, acceptance of raw materials, production process control, product inspection, packaging label compliance, product storage and transportation, recycling and disposal, etc., to ensure that the production and quality management system can safeguard the safety and quality of the products produced.

*(2) Improving the intelligent technology route continuously*

The automated intelligent production workshop adopts advanced digital technology and industrial Internet technology to monitor the whole process of production in real time, and production data is collected and analyzed in real time to ensure that high-quality products are provided to consumers.

*(3) Controlling and improving product quality parameters*

The Company strictly controlled various quality parameters of products and adopted a combination of manual and equipment monitoring to control quality parameters. The product packing data can be collected and monitored in real time, and unqualified products will be automatically removed and alarmed. It established product quality files, controlled and analyzed various product quality data to ensure and continuously improve product quality.

**4. Continuously upgrading data analysis capabilities and further optimizing the BI system, with AI systems and virtual humans widely applying in marketing and promotion**

Following the rapid growth of business data, the management department of the Group has carried out comprehensive function optimization and performance upgrade of the BI (business intelligence) system to further strengthen data security and ensure that data analysis tools can better cope with the increasing volume of data and provide more accurate real-time analysis results. At the same time, in order to better support business decisions, the Group continued to update and iterate various business analysis reports to provide comprehensive and in-depth data insights for business decisions and facilitate the efficient development of the Company's various businesses.

The rapid development of AI technology has provided excellent tools for enhancing the Company's operational management. The marketing department extensively used AI technology in product packaging design, promotional content creation, event planning, video shooting, and copywriting editing and optimization. Virtual human technology was used in online live broadcasts. The adoption of these technologies has improved efficiency, saved labor, and enhanced work quality.

## FULFILMENT OF SOCIAL RESPONSIBILITIES DURING THE REPORTING PERIOD

Since its establishment, the Group has been firmly fulfilling its social responsibilities and focusing on the win-win situation between economic benefits and social benefits while advancing production and operation. It carried out several special public welfare activities in environmental protection, poverty alleviation, education, youth entrepreneurship and other aspects.

### 1. Social welfare activities

In 2014, Besunyen partnered with Beijing Charity Association to establish the "Besunyen Special Charity Fund". Such fund was connected to the platform of the Beijing Municipal Government and actively carried out social assistance activities to provide services to the underprivileged. In 2022, the "Besunyen Special Charity Fund" was applied in carrying out social assistance activities, providing various charity assistance to the underprivileged, and optimizing the path for the Group to participate in public welfare activities. It was an effective platform for Besunyen to participate in public welfare and charity undertakings in recent years.

Since 2017, Besunyen has cooperated with environmental protection and public welfare organizations such as China Green Carbon Foundation and Beijing Green Sunshine Environmental Protection Public Welfare Foundation, and has donated more than RMB3.5 million in total to initiate the establishment of the "Special Fund for Combating Illegal Trade in Endangered Wildlife", which has raised public awareness of and participation in the protection of wildlife.

In 2023, Besunyen teamed up with Shanghai Charity Foundation to establish a special public welfare fund. With the objectives of "caring for the elderly and children and helping students and the needy", it developed public welfare and charity undertakings and promoted social civilization and advancement. Since the establishment of the project fund, it has repeatedly contributed to charity activities such as target aids, caring for the elderly and children, and helping students and the needy. It has also participated in the "Zhengtong Xieli Love Special Fund" (政通協力愛心專項基金) set up by the Fangshan District Committee of the Chinese People's Political Consultative Conference to solve the practical problems of people in need in the Beijing-Hebei region.

In 2024, the Company participated in the pairing assistance organized by Fangshan District, Beijing, to support towns and villages in regions such as Hebei and Inner Mongolia, aiding local industrial development and addressing economic development and community difficulties in these regions. Besunyen places great importance on the protection of Chinese traditional cultural relics and art, funding the restoration, reconstruction, and protection work of Jixiang Temple in Pingyao County, Shanxi Province, and sponsoring emergency rescue training to enable more people to acquire first aid knowledge.

In addition, Besunyen also participated in public welfare activities such as environmental protection and health promotion to advocate a healthy lifestyle.

**2. Contributing to rural revitalization and participating in poverty alleviation and agricultural assistance**

In terms of rural revitalization, Besunyen has participated in the "Ten Thousand Enterprises Revitalize Ten Thousand Villages", "Ten Thousand Enterprises Help Ten Thousand Villages" and other special poverty alleviation public welfare activities for consecutive years. It supported rural development with the public welfare model of project entry into villages, product sales assistance and targeted education assistance. It has successively supported the construction of farmers' breeding bases in Budaxiaheleke Village (布達夏合勒克村) and Kule'airike Village (庫勒艾日克村) in Karakax County, Xinjiang; the assistance for low-income people in Yangchanggou Village, Ulanhayesumu Town, Chayouzhongqi County, Inner Mongolia; and actively participated in special actions such as paired assistance in Putaokou Village, Fanjiazhuang Town, Quyang County, Baoding City, Hebei Province. It expanded the sales channels of agricultural sideline products and local specialties, solved urgent problems and worries, and encouraged and drove the enthusiasm and initiative of local farmers to carry out agricultural production.

**3. Adhering to the low-carbon economy and promoting energy saving and emission reduction**

Regarding the production process, Besunyen pragmatically fulfilled its corporate social responsibilities by actively carrying out technological transformation to improve the process, simplify packaging, reduce emissions, and promote the paperless office through system tools.

Over the years, Besunyen was always dedicated to public welfare and charity undertakings, and pragmatically fulfilled its corporate social responsibilities.

## FUTURE DEVELOPMENT OUTLOOK

The 20th National Congress Report of the CPC pointed out that it is necessary to adhere to the theme of promoting high-quality development, and organically combine the implementation of the strategy of expanding domestic demand with deepening the supply-side structural reform. The Outline of the "Healthy China 2030" Plan also emphasizes the establishment of a complete and optimized-structure health industry system.

Besunyen will take consumers' health needs as the driving force of innovation, adhere to the concept of "herbal, healthy, and quality functional tea", deepen the fields of "weight loss and weight management" and "laxative and gastrointestinal health", continue to build a parallel development pattern of multiple categories of "OTC drugs + health food + general food", and realize the promotion of marketing strategy from selling products to building brand value.

The Group believes that it will seize the opportunities of the development of the big health industry. In 2025, the Group will continue to adhere to the goal of profitability and positive cash flow, further optimize the product structure, continuously innovate marketing models, achieve high-quality development with its operating policy, consolidate the foundation and capability, and create a new pattern of high-quality development.

We will implement the following tasks in order to achieve the Group's business objectives for 2025.

**Firstly, leveraging the advantages in online operations and offline membership resources to achieve mutual benefits through in-depth cooperation**

After years of cultivation, the Group's products have established a solid market foundation. As consumer habits change, offline business customers are also actively engaged in offline business transformation and activation of member resources. The Company has extensive experience in online business operations and can expand the influence and business development of Besunyen through deep cooperation with offline channels, utilizing models such as live streaming, membership marketing, private domain marketing, and B2B. Simultaneously, efforts should be increased in developing distributor channels and third-party terminals, leveraging merchant and platform resources, increasing advertising investment, and enhancing store activities to boost the sales of the Four Tea products. The Company will focus on market trends and identify new marketable products. Also, it will enhance the service system for terminals and distributors, creating innovations and upgrades including brand communication, deep consumer interaction, and optimization of product experience.

**Secondly, exerting the autonomy of partners, actively managing channels and prices through internal mechanisms and systems, and jointly creating a favorable operating environment**

After the reform of the partnership system, the Company has set up companies operating various online and offline channels and in various regions. These companies operate the same products, thus the management of channels and pricing not only affects the market order of the Company but also impacts the market order and development of other related companies. Therefore, standardized management of product channels and pricing is particularly important. Four OTC agency companies and heads of e-commerce business have established an independent management organization to formulate channel bugsell management and pricing management systems. This aims to enhance the control over sales channels, manage the pricing system across different channels and levels, continuously strengthen market supervision and terminal maintenance capabilities, and create a favorable sales environment.

**Thirdly, continuously advancing Douyin, Kuaishou and other new retail and cross-border businesses**

As the fastest-growing consumer market in the world, the big health industry has a large number of subcategories, and the consumption trend changes rapidly. With the increasing penetration rate of new marketing platforms such as Xiaohongshu, Douyin and Kuaishou, and the growing influence of KOLs on consumers' purchasing decisions, the Group will continue to increase investment in exploring emerging marketing platforms represented by Douyin and Kuaishou, enhance channel cooperation and expand marketing activities, so as to expand its market share on Douyin and Kuaishou. The Company will continue to expand the number of stores on Douyin, improve the advertising efficiency on Douyin and other emerging marketing platforms, form a good interaction with Douyin and other emerging marketing platforms, and improve the closed loop of traffic and transactions to lay a solid foundation for long-term sustainable growth. Guided by a branded operating policy, the cross-border business will source quality products across the globe to meet the diversified needs of a wider range of consumers.

**Fourthly, consolidating the market position of the brand by leveraging the advantages of content marketing and brand penetration of Xiaohongshu**

During the year, the Group will continue to enhance the professionalism and attractiveness of the promotion content, and improve the effectiveness of communication through high-quality content. In terms of communication channels, it will make full use of media platforms such as elevator media to accurately reach target customer groups and consolidate the brand's leading position in the weight loss and laxative fields. By giving full play to its brand influence and actively utilizing media resources, the Group will deeply cooperate with chain stores and other sales channels, and launch integrated brand promotion and promotional activities, in a bid to facilitate interaction with consumers and meet their increasing demand for healthy life. The Group will continuously develop the multi-faceted value of new media channels, incubate major distributors and social e-commerce platforms, and jointly promote brand influence through products and channels. It will strive to deepen and consolidate the market position of Besunyen brand in Xiaohongshu, serving as the main platform for cultivating and expanding new users.

**Fifthly, insisting on technological innovation and strengthening research and development of new products**

In 2025, the Company will persist in promoting process improvement, technological innovation, and development and research of new products. Through technological improvement, the unit cost of products will be reduced to a certain extent and the economic benefits of the Company will be improved. Meanwhile, the Company will pay close attention to the development of the big health industry, and focus on its own development and future according to market demand, technological research and development, company strategies, etc. The Company will actively expand new products and new channels, develop and explore core single major product, and continuously try new marketing models to provide subsequent products and operation capabilities for the future development of the Company.

**Sixthly, continuously facilitating cost reduction and efficiency improvement, and improving operation quality**

In 2025, the Company will continue to facilitate the gross margin management of products, reduce various costs and expenses, improve the turnover rate of inventories and accounts receivable, improve the input-output efficiency, and enhance its operation quality, thereby laying a solid foundation for the long-term development of the Company.

Besunyen will continue to adhere to the brand concept to provide consumers with more diversified products and services, provide Besunyen wisdom for the development of the big health industry, and contribute Besunyen power to the China big health!

## FINANCIAL REVIEW

## REVENUE

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | ***Percentage of revenue*** | *RMB'000* | *Percentage of revenue* |
| Revenue: | | | | |
| Besunyen Detox Tea | **79,911** | **16.5%** | 103,034 | 19.0% |
| Besunyen Slimming Tea | **98,935** | **20.4%** | 109,072 | 20.1% |
| Besunyen Fit Tea | **71,219** | **14.7%** | 64,138 | 11.8% |
| Besunyen Relief Tea | **6,571** | **1.4%** | 13,162 | 2.4% |
| Weight-loss medicines | **147,999** | **30.6%** | 161,822 | 29.8% |
| Other health food | **69,547** | **14.3%** | 81,713 | 15.1% |
| Other medicines | **10,119** | **2.1%** | 9,935 | 1.8% |
| Total | **484,301** | **100%** | 542,876 | 100% |

*Note:* Weight-loss medicines mainly consist of Besunyen Orlistat, other health food mainly consist of health food and other tea products (excluding the Four Health Teas of Besunyen), and other medicines mainly consist of finished medicines.

The revenue of the Group was RMB484.3 million in 2024, representing a decrease of 10.8% from RMB542.9 million in 2023.

Revenue from the Four Health Teas of Besunyen in 2024 was RMB256.6 million, representing a decrease of 11.3% from RMB289.4 million in 2023, mainly due to the Group's strategic adjustment and reform of operation model. Since the end of 2023, there was a downward adjustment in the unit price of the Group's core products, namely therapeutic teas, resulting in an increase in sales volume of Besunyen Detox Tea and Besunyen Slimming Tea by 2.2% and 8.7% respectively in 2024 as compared to 2023, but a decrease in sales amount by 22% and 9% respectively as compared to 2023.

Revenue from weight-loss medicines in 2024 was RMB148.0 million, representing a decrease of 8.5% from RMB161.8 million in 2023, mainly due to the impact of the macroeconomic environment and market changes, which led to a decline in the market share of Orlistat products, with sales volume decreasing by 6% as compared to 2023.

Revenue from other health food in 2024 was RMB69.5 million, representing a decrease of 14.9% from RMB81.7 million in 2023, mainly due to the Group's optimization of original equipment manufacturer (OEM) products and trading products with small volume and no profit prospects, and the adjustment of operation model for cross-border business, resulting in a decrease in sales revenue by RMB12.2 million in 2024 as compared to 2023.

## COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Cost of sales | **158,459** | 196,656 |
| Gross profit | **325,842** | 346,220 |
| Gross profit margin | **67.3%** | 63.8% |

The Group's cost of sales decreased by 19.4% from RMB196.7 million in 2023 to RMB158.5 million in 2024, while the gross profit margin increased by 3.5 percentage points from 63.8% in 2023 to 67.3% in 2024, which was mainly due to (i) the continuous optimization of the Group's products with weaker market competitiveness, thereby increasing the gross profit margin of other medicines and other health food in 2024 as compared to 2023; (ii) the decrease in procurement cost of weight-loss medicines in 2024 as compared to 2023.

## OTHER INCOME

In 2024, the Group's other income was RMB11.8 million (2023: RMB11.0 million), which mainly comprised interest income on loan receivable and other interest income of RMB6.7 million (2023: RMB4.2 million) and government grants of RMB3.1 million (2023: RMB4.4 million) provided by the PRC government to support the Group's operation of business.

## SELLING AND MARKETING EXPENSES

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | ***Percentage of revenue*** | *RMB'000* | *Percentage of revenue* |
| Marketing and promotional expenses | **91,446** | **18.9%** | 112,768 | 20.8% |
| Outsourced operating service fees | **57,646** | **11.9%** | 11,847 | 2.2% |
| Advertising costs | **26,315** | **5.4%** | 67,472 | 12.4% |
| Employee benefit expenses | **9,210** | **1.9%** | 91,101 | 16.8% |
| Others | **14,760** | **3.1%** | 37,516 | 6.9% |
| Total | **199,377** | **41.2%** | 320,704 | 59.1% |

The selling and marketing expenses of the Group were RMB199.4 million in 2024, representing a decrease of 37.8% from that of RMB320.7 million in 2023.

The employee benefit expenses in 2024 decreased by RMB81.9 million as compared to 2023, mainly due to the reduction in the number of sales staff as a result of the implementation of strategic adjustments of the business system and operation model.

The advertising costs in 2024 decreased by RMB41.2 million as compared to 2023, mainly due to the decrease in expenditure on advertising activities.

The marketing and promotional expenses in 2024 decreased by RMB21.3 million as compared to 2023, mainly due to the decrease in the expenses of marketing and promotion via e-commerce platform.

The outsourced operating service fees in 2024 increased by RMB45.8 million as compared to 2023, mainly due to the adjustment of the operation model of e-commerce business.

**ADMINISTRATIVE EXPENSES**

| | **For the year ended 31 December** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | ***Percentage of revenue*** | *RMB'000* | *Percentage of revenue* |
| Employee benefit expenses | **32,042** | **6.6%** | 100,618 | 18.5% |
| Professional and consultation service fees | **23,352** | **4.8%** | 22,242 | 4.1% |
| Entertainment and travelling expenses | **6,829** | **1.4%** | 4,881 | 0.9% |
| Office expenses | **6,678** | **1.4%** | 3,880 | 0.7% |
| Impairment losses on non-current assets | — | — | 3,000 | 0.6% |
| Others | **20,611** | **4.3%** | 18,429 | 3.4% |
| Total | **89,512** | **18.5%** | 153,050 | 28.2% |

The administrative expenses of the Group were RMB89.5 million in 2024, representing a decrease of 41.5% from that of RMB153.1 million in 2023.

The employee benefit expenses in 2024 decreased by RMB68.6 million as compared to 2023, mainly due to the Group's strategic adjustments of its business system, operation model and organizational management system in 2023, which led to a significant reduction in the number of employees. As such, the Group paid one-off severance payment to the relevant employees, resulting in a significant decrease of employee benefit expenses in 2024 as compared to 2023.

The professional and consultation service fees in 2024 increased by RMB1.1 million as compared to 2023, mainly due to the increase in information technology fees.

## RESEARCH AND DEVELOPMENT COSTS

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | ***Percentage of revenue*** | *RMB'000* | *Percentage of revenue* |
| Research and development costs | **29,359** | **6.1%** | 34,922 | 6.4% |

The research and development costs were RMB29.4 million in 2024, representing a decrease of 15.8% from that of RMB34.9 million in 2023, mainly due to the optimization of the Group's organizational management system in 2023, resulting in the decrease in the number of research and development staff and the reduction in salary of employees, as well as the decrease in outsourced research and development activities.

## OTHER GAINS, NET

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Other gains, net | **6,413** | 675 |

In 2024, other gains, net amounted to RMB6.4 million (2023: RMB0.7 million), mainly included gains on investments measured at fair value through profit or loss of RMB2.7 million (2023: RMB2.9 million) and donation expenses of RMB0.8 million (2023: RMB2.1 million).

## SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's share of profits of investments accounted for using the equity method for 2024 was RMB5.1 million (2023: RMB1.0 million), which was mainly comprised of the profits of RMB5.3 million from shares held by the Group in the joint ventures, with significant contributions of Jiangxi Besunyen Trading Co., Ltd. (江西碧生源商貿有限公司), Guangzhou Bihan Network Technology Co., Ltd. (廣州碧瀚網絡科技有限公司), Hangzhou Bihan Network Technology Co., Ltd. (杭州碧瀚網絡科技有限公司) and Beijing Bihan E-commerce Co., Ltd. (北京碧瀚電子商務有限公司).

## TAXATION

The income tax expense of the Group in 2024 was RMB12.7 million, while the income tax expense in 2023 was RMB9.4 million. The increase in income tax expense was due to the taxable items arising from the distribution of dividends between subsidiaries during the year.

## TOTAL COMPREHENSIVE INCOME FOR THE YEAR OF THE GROUP

Due to the factors set out above, the Group recorded a total comprehensive income of RMB16.8 million in 2024 (2023: total comprehensive loss of RMB358.6 million). The changes were mainly due to (i) the total profit and loss from discontinued operations of RMB198.4 million arising from the Group's disposal of its indirect subsidiaries, namely Zhongshan Wanhan Pharmacy Co., Ltd. (中山萬漢製藥有限公司), Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. (中山萬遠新藥研發有限公司), Zhongshan Wanhan Pharmaceutical Co., Ltd. (中山萬漢醫藥有限公司) and Henan Xueyinghua Pharmaceutical Co., Ltd. (河南雪櫻花製藥有限公司) in 2023; (ii) the implementation of the partnership model since 2023 which has significantly improved the overall operational quality of the Group, with a substantial decrease in the ratio of selling expenses to revenue, leading to a significant increase in total comprehensive income in 2024 as compared to 2023.

## LIQUIDITY AND CAPITAL RESOURCES

In 2024, the capital required for the Group's operation and capital expenditure was mainly derived from the cash flows generated from operating activities.

## CASH FLOWS

The following table summarizes the net cash flows of the Group for the indicated years ended 31 December:

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Continuing Operations:** | | |
| Net cash inflow/(outflow) from operating activities | **10,538** | (33,003) |
| Net cash inflow from investing activities | **59,360** | 66,759 |
| Net cash outflow from financing activities | **(103,837)** | (94,915) |
| **Discontinued Operations:** | | |
| Net cash inflow from operating activities | **—** | 42,988 |
| Net cash outflow from investing activities | **—** | (58,366) |
| Net cash inflow from financing activities | **—** | 13,799 |
| Net decrease in cash and cash equivalents | **(33,939)** | (62,738) |
| Exchange (losses)/gains on cash and cash equivalents | **(988)** | 1,500 |
| Net decrease in cash and cash equivalents | **(34,927)** | (61,238) |

In 2024, the Group's net cash inflow from operating activities of continuing operations was RMB10.5 million (2023: net cash outflow from operating activities of continuing operations of RMB33.0 million), such difference was mainly due to the decrease in losses in 2024 as compared to 2023. In 2024, the Group's net cash inflow from investing activities of continuing operations was RMB59.4 million, which was mainly due to the withdrawal of financial assets subscribed by the Group (2023: net cash inflow from investing activities of continuing operations of RMB66.8 million, which was mainly due to the disposal of the Company's indirect subsidiaries, namely Zhongshan Wanhan Pharmacy Co., Ltd. (中山萬漢製藥有限公司), Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. (中山萬遠新藥研發有限公司), Zhongshan Wanhan Pharmaceutical Co., Ltd. (中山萬漢醫藥有限公司) and Henan Xueyinghua Pharmaceutical Co., Ltd. (河南雪櫻花製藥有限公司)). In 2024, the Group's net cash outflow from financing activities of continuing operations was RMB103.8 million, which was mainly due to the distribution of dividends to owners of the Company (2023: net cash outflow from financing activities of continuing operations of RMB94.9 million, which was mainly due to the repayment of borrowings).

## FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2024, the Group's financial assets measured at fair value through profit or loss amounted to RMB79.4 million (31 December 2023: RMB90.1 million), which mainly include:

(i) The Group's investment in Vstar Investment Fund Limited Partnership amounted to approximately RMB13.9 million.

(ii) The Group's investment in ERX Pharmaceuticals Inc. amounted to approximately RMB18.0 million.

(iii) The Group's investment in Nanjing Jinbi Venture Capital Partnership (Limited Partnership) amounted to approximately RMB20.8 million.

(iv) The Group's investment in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) amounted to approximately RMB13.4 million.

(v) The Group's financial investments held through Central China Dragon Global Opportunity Fund SP6 which were measured at fair value through profit or loss amounting to approximately RMB12.9 million.

The Company subscribed for the participating shares of Central China Dragon Global Opportunity Fund SP6 (the "Fund") for approximately RMB91.8 million in October 2023, and the Fund is principally engaged in managing and holding the investment in wealth management as acquired by the Company through the manager (please refer to the announcements of the Company dated 26 September 2023 and 5 October 2023 for details). The investment objective of the Fund is to provide investors with a stable 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. Since the Company's subscription, the Fund selected assets in accordance with its established investment strategy.

Given that the Company is the only holder of participating shares in the Fund and the fees paid to the manager are comparable to the services it provided as an agent, the Group treats the Fund as a consolidated structured entity under IFRS Accounting Standards. As at 31 December 2024, except for the abovementioned investments measured at fair value through profit or loss, the Company also held loan receivable, through the Fund, which is measured at amortized cost amounting to approximately RMB69.8 million (please refer to Note 5(ii) and Note 9 to the consolidated financial information for details), and cash and cash equivalents for investment purpose which were presented as restricted bank deposits amounting to approximately RMB13.5 million.

## BANK BALANCES AND CASH

The Group's bank balances and cash, comprising cash and cash equivalents, term deposits and restricted bank deposits, amounted to RMB147.8 million as at 31 December 2024 (31 December 2023: RMB288.5 million).

## BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2024, the Group had no bank borrowings (31 December 2023: nil).

As at 31 December 2024, the Group had no pledge of assets (as at 31 December 2023: nil).

## CAPITAL EXPENDITURE

In 2024, the capital expenditure of the Group amounted to RMB5.0 million (2023: RMB6.8 million). The following table sets forth the capital expenditure paid by the Group for the indicated years ended 31 December:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Property, plant and equipment | **(4,994)** | (6,542) |
| Intangible assets | — | (256) |
| Total | **(4,994)** | (6,798) |

## INVENTORIES

The Group's inventories include raw materials and packaging materials, work in progress and finished goods. The inventory analysis of the Group as at the dates indicated is presented in the table below:

| | For the year ended 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Raw materials and packaging materials | **3,743** | 5,111 |
| Work in progress | **1,648** | 1,765 |
| Finished goods | **21,020** | 16,693 |
| Total | **26,411** | 23,569 |

The turnover of the Group's inventories in 2024 (calculated by dividing the average inventory balances at the beginning and the end of the period by the cost of sales of the period, then multiplying by the number of days during the year) was 58 days (2023: 123 days).

## RISK OF FOREIGN EXCHANGE RATE

Almost all of the revenue, costs of sales and expenses of the Group are denominated in Renminbi. Apart from some bank deposits, restricted bank deposits and financial assets measured at fair value through profit or loss that are denominated in HK dollar and US dollar, most assets and liabilities of the Group are also denominated in Renminbi. Since Renminbi is the functional currency of the Group, risks of foreign exchange rate mainly come from assets denominated in HK dollar and US dollar.

As at 31 December 2024, the Group did not purchase any foreign exchange, interest rate derivative products or hedging instruments (2023: Nil).

## MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures in 2024.

## SIGNIFICANT INVESTMENTS AND PLANS

Save as disclosed in this announcement, as at 31 December 2024, the Group had no single significant investment with a carrying amount of 5% or more of the Group's total assets.

As at the date of this announcement, the Board has not approved any plan for significant investments or acquisition of capital assets.

## GEARING RATIO

As at 31 December 2024, the Group's gearing ratio (total liabilities divided by total assets, in percentage) was 15.2% (31 December 2023: 21.4%).

## CONTINGENT LIABILITIES AND GUARANTEES

As at 31 December 2024, the Group had no material contingent liability and guarantee (31 December 2023: Nil).

## CAPITAL COMMITMENTS

As at 31 December 2024, capital commitments for property, plant and equipment as contracted for but not yet incurred amounted to RMB0.2 million (31 December 2023: RMB2.4 million).

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group shall conduct business in compliance with the requirements of various laws and regulations, mainly including the Food Safety Law of the PRC, the Drug Administration Law of the PRC, the Regulations for Implementation of the Drug Administration Law of the PRC, the Environmental Protection Law of the PRC, the Labour Law of the PRC, the Labour Contract Law of the PRC as well as other applicable regulations, policies and normative legal documents issued based on or related to such laws and regulations. The Group's prevailing quality and safety control systems of product production are comprehensive and impose effective control over design and execution. The Group has passed the certifications of quality management systems such as ISO9001, ISO22000 and HACCP, ensuring its products quality and safety in an all-round and in-depth manner. In case of any changes in applicable laws, regulations and normative legal documents related to our principal businesses, the Group would inform relevant staff and operation teams in time. In addition, the Group ensured its compliance with such requirements via numerous measures, such as internal control and approval procedures as well as training and supervision on different business departments.

In 2024, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

## RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavored to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understood that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. As at 31 December 2024, the Group provided generous social insurance benefits to its employees to motivate their proactivity at work and heighten their sense of belonging. The Group also understood the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group placed emphasis on supplier selection and encouraged fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abided by the principles of honesty and trustworthiness and committed itself to consistently providing quality products to establish a reliable service environment for its customers. As at 31 December 2024, there was no significant or material dispute between the Group and its suppliers and/or customers.

## HUMAN RESOURCES MANAGEMENT

The Group regards high-quality employees as its most important resource. As at 31 December 2024, the Group had 128 employees in mainland China and Hong Kong (31 December 2023: 179 employees). The staff costs of the Group (including remunerations of the Directors) were RMB56.9 million as at 31 December 2024 (2023: RMB210.9 million). Employee remuneration was determined with reference to individual performance, work experience, qualification and current industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also included discretionary bonus.

The Group places emphasis on the recruitment, motivation and retention of suitable talents. The Group invests considerable efforts in continuous education and training for its employees, so as to keep enhancing the knowledge, skill and team spirit of employees. The Group often provides internal and external training courses to relevant staff members based on various needs.

## FINAL DIVIDEND

Taking into account the Group's annual performance, the Board has resolved to recommend for declaration and payment of a final dividend of HK10 cents per share (approximately HK$12,227,000 in aggregate) for the year ended 31 December 2024, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of The Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the year ended 31 December 2024, except for code provision C.2.1 of the CG Code.

The Directors are committed to upholding the corporate governance and good corporate culture of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

## CODE PROVISION C.2.1 UNDER THE CG CODE

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Zhao Yihong. Mr. Zhao is a co-founder of the Group and has 35 years of experience in food and beverage industry in the PRC. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Board is of the view that as all major decisions are made in consultation with members of the Board which comprises experienced and professional individuals (including three independent non-executive Directors), a balance of power and authority is adequately ensured. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own securities dealing code for the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code during the year ended 31 December 2024.

As designated staff, including the senior management, may be aware of inside information from time to time, the Company has further extended the scope of the Model Code to those staff.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company or sell any treasury shares during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

## AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. He Yuanping, a Director with the appropriate professional qualifications and serving as the chairman of the Audit Committee, Mr. Shi Xiangxin and Mr. Feng Bing. The Audit Committee has reviewed the consolidated financial statements and this annual results announcement of the Group for the year ended 31 December 2024, reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

## RESPONSE TO THE AUDIT OPINION OF THE INDEPENDENT AUDITOR

### (I) THE VIEWS OF THE MANAGEMENT

#### *(1) Regarding the Loan Receivable*

As stated in Note 5 to the consolidated financial statements, the Loan Receivable is secured by the equity interest in a non-listed private company incorporated in the PRC (the "**Domestic Company**") indirectly held by the Borrower, and guaranteed by the individual shareholder who held 100% equity interest in the Borrower (the "**Loan Transaction**"). The Company's independent auditor believes, given the scope of limitation, there were no other satisfactory procedures that they could perform to satisfy themselves as to the nature of the Loan Receivable, its existence, classification, measurement, impairment and related disclosures. Management understands the position of the auditor and has been actively communicating with the Fund Manager over the past few months to seek relevant audit evidence and information. After repeated negotiations by the Company, the Manager and the Borrower agreed to pledge approximately 35.01% equity interest in the Domestic Company in favor of Beijing Bihai Yuanyuan Enterprise Management Co., Ltd., a wholly-owned subsidiary of the Company, (the "**Pledge**") as an additional credit enhancement measure for the Loan Transaction. The parties have completed the industrial and commercial registration for the Pledge. However, given that GOSP6 operates as an independent structured entity and the Group does not have substantive control over its investment and decision-making activities, the Group's ability to manage its daily operations and obtain documents is limited, and it has no legal rights to request relevant information from the Fund Manager. Nevertheless, based on the summary of key terms of the Loan Receivable provided by the Fund Manager and the Pledge acquired by the Group, management did not find significant evidence to suggest that the credit risk of the loan has increased significantly and therefore no provision for ECL is required.

***(2) Regarding the Preferred Share Investment***

The Company's independent auditor believes that, although management of the Company has provided a revaluation statement for the Preferred Share Investment as at 31 December 2024, it has not obtained detailed fair value assessment documents as of that date, nor has it been provided supporting details such as specific valuation techniques, significant assumptions or key judgments used to support the assessment. Consequently, the Company's independent auditor is unable to determine whether the fair value adjustment of the Preferred Share Investment was necessary, and whether the disclosures related to the fair value assessment were sufficient and appropriate, in the consolidated financial statements for the year ended 31 December 2024.

Management acknowledges the auditor's requirements for valuation transparency and has been actively communicating with the Fund Manager over the past few months to seek relevant audit evidence and information. The Fund Manager only informed management that the fair value of the Preferred Share Investment was determined by it based on market data and independent valuation model, and that there was no contractual obligation to cooperate with management's audit requirements. Therefore, the Group was unable to fully obtain the valuation details of the Preferred Share Investment. However, based on the revaluation statement provided by the Fund Manager regarding the Preferred Share Investment as at 31 December 2024, the register of members of Inmagene Biopharmaceuticals, and the Company's verification of relevant information about Inmagene Biopharmaceuticals collected through public channels, management believes that no fair value adjustment of the Preferred Share Investment is required.

In light of the above circumstances, management respects the professional judgment of the auditor and agrees with the qualified opinion expressed regarding the above matters due to insufficient existing audit evidence.

## (II) THE VIEWS OF THE AUDIT COMMITTEE

The Audit Committee continues to follow up on the audit matters related to the underlying investments of GOSP6, including reflecting its concerns regarding GOSP6 to management of the Company, receiving quarterly updates from management, actively participating in audit process of this year, and discussing with the Company's independent auditor to strictly review the relevant matters in qualified opinion of this year.

The Audit Committee understands that although the Group is the only holder of participating shares in GOSP6 and the fees paid to the Fund Manager are comparable to the services it provided as an agent, thereby treating GOSP6 as a consolidated structured entity, the Group does not have control over the management and operation of GOSP6, and will rely on the cooperation of GOSP6 in providing necessary documents and information for audit purposes.

The Audit Committee agrees with management's position regarding the key judgments and acknowledges that, given the aforementioned position involves estimates and assumptions, the Company's independent auditor believes that it has not obtained sufficient appropriate audit evidence. Accordingly, with respect to the type of audit opinion expressed by the auditor, the Audit Committee acknowledges and agrees with the audit opinion issued by the auditor based on its professional and independent assessment, and requires the company to make every effort to implement the redemption of GOSP6, ensuring asset safety and process compliance.

## (III) THE GROUP'S ACTION PLAN

To address the qualified opinion, as of the date of this report, management has been actively communicating with the Fund Manager to take action to redeem the Company's investment in GOSP6, and it has issued a written redemption notice to the Fund Manager. Through continuous discussions and communications with the Fund Manager, both parties have agreed on a specific redemption plan, the details of which are set out in the section headed "Subsequent Event" in this announcement.

## SUBSEQUENT EVENT

The Company subscribed for 100,000 Participating Shares of GOSP6 at a consideration of HK$100 million in October 2023. Given that the Lock-Up Period of GOSP6 has expired, after comprehensively considering GOSP6's operating conditions, the Group's financial operating strategies, and the Company being unable to assist the Company's Independent auditor in obtaining sufficient information despite various attempts due to the independence of GOSP6, on 3 March 2025, the Board has passed a resolution authorizing the Chairman and CEO to initiate the redemption of such investments and make every effort to ensure the recovery of the investments' principal and related returns. On 26 March 2025, the Group has issued a written redemption notice to the fund manager, requesting the fund manager to dispose of such investments by:

(1) Cash and equity redemption: The fund manager will repay the Company HK$12,000,000 in cash and transfer to the Company 3,318,470 Class C-1 preferred shares of Inmagene Biopharmaceuticals held by it amounting to HK$14,094,900; and

(2) Asset swap: the fund manager will procure an asset swap between an independent third party and the Company, whereby the Company will swap the remaining Participating Shares after cash and equity redemption (valued at approximately HK$78,000,000) held by the Company with certain shares in a third-party private company of equivalent value held by the independent third party.

The Company will perform the applicable approval procedures and disclosure obligations in accordance with the applicable laws and regulations, regulatory rules and the provisions of the Articles of Association based on the redemption progress and redemption method of GOSP6.

Save as disclosed above, no significant event affecting the Group has occurred subsequent to 31 December 2024 and up to the date of this announcement.

**PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This announcement is published on the websites of the Company (http://ir.besunyen.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2024 will be sent to the Shareholders and available on the above websites in due course.

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

Hong Kong, 31 March 2025

*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. Shi Xiangxin and Mr. Feng Bing.*