
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Besunyen Holdings Company Limited (the “Company”), you should at once hand this Prospectus to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents (as defined herein), having attached thereto the documents specified in the paragraph headed “DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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



碧生源控股有限公司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

RIGHTS ISSUE

**ON THE BASIS OF TWO (2) RIGHTS SHARES FOR
EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-FULLY UNDERWRITTEN BASIS**

Underwriter

 **Lego Securities Limited**
力高證券有限公司

Financial adviser to the Company

 **Lego Corporate
Finance Limited**
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus, unless the context requires otherwise.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter under the Underwriting Agreement on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Termination of the Underwriting Agreement” in this Prospectus. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Rights Issue will not proceed.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

It should be noted that the Shares have been dealt in on an ex-rights basis from Thursday, 15 September 2022. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 28 September 2022 to Thursday, 6 October 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 28 September 2022 to Thursday, 6 October 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest date and time for acceptance and payment for the Rights Shares and application for and payment for the excess Rights Shares is 4:00 p.m. on Tuesday, 11 October 2022. The procedure for acceptance and payment and/or transfer of the Rights Shares are set out on pages 17 to 18 in the section headed “Letter from the Board — Rights Issue — Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares” in this Prospectus.

26 September 2022

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All times and dates in this Prospectus refer to the Hong Kong local times and dates.

Events	Hong Kong Date and Time 2022
First day of dealings in nil-paid Rights Shares	Wednesday, 28 September
Latest time for splitting of PAL	4:30 p.m. on Friday, 30 September
Last day of dealings in nil-paid Rights Shares	Thursday, 6 October
Latest time for acceptance of and payment for the Rights Issue and application for and payment for the excess Rights Shares	4:00 p.m. on Tuesday, 11 October
Latest time to terminate the Underwriting Agreement or for the Rights Issue to become unconditional.	4:30 p.m. on Wednesday, 12 October
Announcement of the results of the Rights Issue	Friday, 21 October
Despatch of certificates for the fully-paid Rights Shares or refund cheques if the Rights Issue is terminated/unsuccessful applications for excess Rights Shares	Monday, 24 October
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Tuesday, 25 October

EXPECTED TIMETABLE

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

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

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

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 11 October 2022, the dates mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021
“2022 Interim Report”	the interim report of the Company for the six months ended 30 June 2022
“Announcement”	the announcement of the Company dated 12 July 2022 in relation to the Rights Issue
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961) of the Cayman Islands as consolidated and revised
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Besunyen Holdings Company Limited (stock code: 926), a company incorporated in the Cayman Islands whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company held on 13 September 2022 approving, among other matters, the Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Shareholder(s)”	any Shareholder(s) other than Mr. Zhao and Ms. Gao and their associates and those were involved in or interested in the Rights Issue who were required to abstain from voting on the resolution(s) to approve the Rights Issue at the EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person of the Company
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the beneficial owner’s Shares with a CCASS Participant
“Irrevocable Undertakings”	the irrevocable undertakings by Mr. Zhao and Ms. Gao to the Company as set out in the paragraph headed “Irrevocable Undertakings” in this Prospectus
“Last Trading Day”	11 July 2022, being the last full trading day for the Shares immediately prior to the date of the Announcement
“Latest Acceptance Date”	11 October 2022, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Underwriter may agree in writing
“Latest Practicable Date”	19 September 2022, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Termination”	12 October 2022, or such later time or date as may be agreed between the Company and the Underwriter in writing, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zhao”	Mr. Zhao Yihong, an executive Director, the chairman, chief executive officer of the Company, spouse of Ms. Gao and a controlling shareholder of the Company
“Mr. Zhuo”	Mr. Zhuo Fumin, a non-executive Director
“Ms. Gao”	Ms. Gao Yan, an executive Director, vice chairman of the Company, spouse of Mr. Zhao and a controlling shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	26 September 2022, or such other date as the Company and the Underwriter may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	this prospectus despatched to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) issued by the Company

DEFINITIONS

“Public Float Requirement”	the public float requirement under Rule 8.08(1) of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at 5:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	23 September 2022 or on such other date as the Company and the Underwriter may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the offer for subscription of the Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) Share held by the Shareholders on the Record Date and subject to the conditions set out in the paragraph headed “Underwriting arrangement — Conditions of the Rights Issue and the Underwriting Agreement” in this Prospectus
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being (i) up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0003333332 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company with effect from 29 September 2010 and expired on 29 September 2020
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	the subscription price of HK\$1.75 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Undertaking Rights Shares”	the aggregate number of Shares beneficially owned by Mr. Zhao and Ms. Gao as at the date of the Irrevocable Undertakings
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the underwriter to the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 12 July 2022 entered into between the Company and the Underwriter and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	excluding the Undertaking Rights Shares, (i) up to 39,659,952 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) up to 40,175,952 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

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

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

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

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



碧生源控股有限公司
BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

Executive Directors:

Mr. Zhao Yihong (*Chairman and
Chief Executive Officer*)
Ms. Gao Yan (*Vice Chairman*)

Non-executive Director:

Mr. Zhuo Fumin

Registered office:

Portcullis (Cayman) Ltd
The Grand Pavilion Commercial Centre
Oleander Way, 802 West Bay Road
P.O. Box 32052
Grand Cayman KY1-1208
Cayman Islands

Independent non-executive Directors:

Mr. Ren Guangming
Mr. He Yuanping
Mr. Fu Shula

Principal place of business in the PRC:

No. 1 Qiushi Industrial Park, Doudian Town
Fangshan District, Beijing 102433
PRC

Place of business in Hong Kong:

Units 2005C-2006A, 20/F., Exchange Tower
No. 33 Wang Chiu Road, Kowloon Bay, Kowloon
Hong Kong

26 September 2022

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-FULLY UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement in relation to the Rights Issue. Reference is also made to the circular of the Company dated 23 August 2022 and the poll results announcement of the Company dated 13 September 2022.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, (i) further information on the Rights Issue; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

RIGHTS ISSUE

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

The terms of the Rights Issue are set out below:

Rights Issue statistic

Basis of the Rights Issue	:	two (2) Rights Shares for every one (1) Share held by the Shareholders on the Record Date
Subscription Price	:	HK\$1.75 per Rights Share
Number of whole Shares in issue as at the Latest Practicable Date	:	40,755,195 Shares
Number of Rights Shares	:	a) Up to 81,510,390 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or b) Up to 82,276,390 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
Undertaking Rights Shares	:	41,850,438 Rights Shares (or 42,100,438 Rights Shares, assuming the full exercise of the Share Options owned by Mr. Zhao and Ms. Gao), being the aggregate number of Rights Shares undertaken to be subscribed by Mr. Zhao and Ms. Gao under the Irrevocable Undertakings

LETTER FROM THE BOARD

Aggregate nominal value of the Rights Shares	:	a) Up to US\$27,170.12 (assuming no change in the number of Shares in issue on or before the Record Date); or
		b) Up to US\$27,425.45 (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
Number of whole Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	a) Up to 122,265,585 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or
		b) Up to 123,414,585 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment
Total funds to be raised (before expenses)	:	a) Up to approximately HK\$142.6 million (assuming no change in the number of Shares in issue on or before the Record Date); or
		b) Up to approximately HK\$144.0 million (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)
Underwriter	:	Lego Securities Limited

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

As at Latest Practicable Date, Mr. Zhao and Ms. Gao have no intention to exercise the outstanding Share Options prior to the completion of the Rights Issue.

LETTER FROM THE BOARD

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

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

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

Subscription Price

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

The Subscription Price represents:

- (i) a discount of approximately 10.71% to the closing price of HK\$1.96 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 14.22% to the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 15.87% to the average closing price of approximately HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 22.57% to the average closing price of approximately HK\$2.26 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 5.91% to the theoretical ex-entitlement price of approximately HK\$1.86 per Share based on the benchmarked price, being the average closing price of HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 10.58% represented by the theoretical diluted price of approximately HK\$1.86 per Share to the benchmarked price, being the average closing price of HK\$2.08 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (vii) a discount of approximately 92.63% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2021 of approximately HK\$23.76 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB827,517,000 (equivalent to approximately HK\$968,194,890) as at 31 December 2021 as set out in the 2021 Annual Report and 40,755,195 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 92.58% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$23.57 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB820,896,000 (equivalent to approximately HK\$960,448,320) as at 30 June 2022 as set out in the 2022 Interim Report and 40,755,195 Shares in issue as at the Latest Practicable Date.

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

Whilst the Subscription Price represents a discount of approximately 92.63% and 92.58% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2021 and 30 June 2022 of approximately HK\$23.76 and HK\$23.57, respectively, the Board is of the view that the net asset value per Share may not be an appropriate factor in determining the Subscription Price taking into consideration that based on the closing price of HK\$2.04 per Share on the Last Trading Day, which represents a discount of approximately 91.41% and 91.34% to the net asset value per Share attributable to the Shareholders as at 31 December 2021 and 30 June 2022 of approximately HK\$23.76 and HK\$23.57, respectively. In addition, the price of the Shares has been in an overall downward trend during the six months prior to the date of the Announcement. Under the prevailing market conditions and economic sentiment and with reference to the recent market performance of the Shares, the Directors consider that it would be more practical and commercially reasonable to set the Subscription Price lower than the

LETTER FROM THE BOARD

prevailing market price which would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

Taking into account of (i) the recent market price of the Shares reflects the recent market sentiment and fair value of the Shares traded on the Stock Exchange; and (ii) the Subscription Price has been set at a discount to the recent closing prices of the Shares with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, the Directors consider that it is fair and reasonable to make reference to the market price of the Shares in determining the Subscription Price.

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

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

Qualifying Shareholders

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

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

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

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In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Friday, 16 September 2022.

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

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

Rights of Overseas Shareholders

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

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the applicable securities legislation of such jurisdiction and the requirements of the relevant regulatory body or stock exchange with respect to the Rights Issue in relation to the Overseas Shareholder located in Macau. The legal advisers to the Company as to Macau law advised that there is no restrictions or requirements and no local regulatory compliance would be required to be made in Macau for the Company in extending the Rights Issue to the Overseas Shareholders located in Macau. Accordingly, the Rights Issue will be extended to such Overseas Shareholder having registered address in Macau.

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

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It is the responsibility of each Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements. Acceptances of or applications for the Rights Issue by any person will constitute a representation and warranty from such person to the Company that the local laws and requirements have been complied with. Shareholders should consult their professional advisers if in doubt.

Basis of provisional allotment

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

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

Fractional entitlements to the Rights Shares

On the basis of the entitlement to subscribe two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements of the Shares to the Rights Shares will arise from the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

Adjustments to entitlements

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

Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

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Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Subscription for all Rights Shares provisionally allotted

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with Registrar, at Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 11 October 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Besunyen Holdings Company Limited - PAL - Rights Issue Account**” and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 11 October 2022, whether by the original allottee or any person in whose favour the provisional allotment have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled, and the related Rights Shares will be available for excess application by other Qualifying Shareholders under the EAF. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

Subscription for only part of Rights Shares provisionally allotted

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 30 September 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders accompanying completed PALs will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" below are not fulfilled by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 24 October 2022.

No receipt will be issued in respect of any application monies received.

Application for excess Rights Shares

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

Applications for excess Rights Shares may be made only by the Qualifying Shareholders and only by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar not later than 4:00 p.m. on Tuesday, 11 October 2022.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through

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nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares. For the purpose of the Rights Issue, the Company will consider the excess application(s) of Mr. Zhao and Ms. Gao in accordance with Rule 7.21(3)(b) of the Listing Rules. As at the Latest Practicable Date, in view of the changing circumstances and high volatility in the financial market subsequent to the despatch of the circular dated 23 August 2022, Mr. Zhao and Ms. Gao intended to reserve their rights for the application for excess Rights Shares (with which each of their respective application (if proceeded with) is not inter-conditional) in order to allow flexibility, and their decision as to the application will be made taking into account of the then market conditions.

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

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

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 11 October 2022. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Besunyen Holdings Company Limited - EAF - Rights Issue Account**" and crossed "**Account Payee Only**".

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

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to the relevant beneficial owners individually. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

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

For Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 16 September 2022.

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

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on Friday, 21 October 2022. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned by refund cheque in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Monday, 24 October 2022. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on or before Monday, 24 October 2022.

All cheques or cashier’s orders accompanying completed EAFs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF with a cheque or a cashier’s order will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection of the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. Completion and return of the EAF with a cheque or a cashier’s order will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier’s order is dishonoured on first presentation.

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The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” below are not fulfilled by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 24 October 2022.

No receipt will be issued in respect of any application monies received.

Action to be taken by beneficial owners holding interests in Shares through CCASS

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, or apply for excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the applications.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited and the application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in nil-paid Rights Shares should be dealt with and any applications for excess Rights Shares.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Rights Shares in their nil-paid or fully-paid forms and, regarding the

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Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

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

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. The nil-paid Rights Shares and the fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 1,000 Rights Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 24 October 2022. If the Rights Issue does not proceed, refund cheques will be posted on or before Monday, 24 October 2022 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

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Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Monday, 24 October 2022 to the applicants without interest at their registered addresses by ordinary post at their own risk.

The Irrevocable Undertakings

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

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

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

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UNDERWRITING ARRANGEMENT

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

Principal terms of the Underwriting Agreement are as follows:

Date : 12 July 2022 (after trading hours)

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

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

- (i) up to 39,659,952 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or
- (ii) up to 40,175,952 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date).

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Commission : the higher of

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

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

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

As at the Latest Practicable Date, the Underwriter has not procured any sub-underwriters and/or subscribers to take up the Rights Shares pursuant to the terms and conditions of the Underwriting Agreement. In case any sub-underwriter(s) will be procured by the Underwriter, the Underwriter will ensure that such sub-underwriter has complied with Rule 7.19(1) of the Listing Rules and shall be Independent Third Party.

Conditions of the Rights Issue and the Underwriting Agreement

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

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;

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

The conditions in paragraphs (a) to (f) (inclusive) above are not waivable by any party to the Underwriting Agreement. As at the date of this Prospectus, conditions (a), (b) and (d) had been satisfied. If the conditions have not been fulfilled in all respects by the Latest Time for Termination (or such later time as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

Termination of the Underwriting Agreement

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

- (a) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

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- (b) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material adverse change in the business or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (d) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

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

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

As disclosed in the 2022 Interim Report, the Group recorded cash and cash equivalents of approximately RMB261.7 million (equivalent to approximately HK\$306.2 million) as at 30 June 2022. Taking into consideration of (i) the Group's total borrowings of approximately RMB231.7 million (equivalent to approximately HK\$271.1 million) as at 30 June 2022. As at the Latest Practicable Date, the Group's total borrowings of approximately RMB95.1 million (equivalent to approximately HK\$111.3 million) will fall due by 31 March 2023; (ii) the Group's net cash used in operating activities of approximately RMB145.5 million (equivalent to approximately HK\$170.2 million) for

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the year ended 31 December 2021; and (iii) the net loss of the Group of approximately RMB114.0 million (equivalent to approximately HK\$133.4 million) for the year ended 31 December 2021, the Directors consider that it is essential for the Group to reserve sufficient available cash to fulfill the repayment obligations and improve the gearing ratio while maintaining the size of the Group's operation.

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

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

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

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

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

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

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

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

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

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

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

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

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

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

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

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EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue, assuming nil acceptance by the Shareholders (except the Undertaking Rights Shares); and (iv) immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (except the Undertaking Rights Shares) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter:

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

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

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Notes:

1. Mr. Zhao beneficially owns 20,867,194 Shares, of which (i) 104,339 Shares are held directly by him; (ii) 20,406,479 Shares are directly held by Foreshore Holding Group Limited, which is wholly owned by Sea Network Holdings Limited, which is in turn wholly owned by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao as the settlor for the benefit of himself and his family members; and (iii) 356,376 Shares are held directly by Better Day Holdings, a company which is controlled by Mr. Zhao.
2. Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (ii) that no such relevant subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and its associates or persons acting in concert with any of them, when aggregated with the total number of Shares (if any) already held by them, holding more than 30% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue; and (iii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.
3. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
4. This scenario is for illustrative purpose only. In the event that the Rights Issue is undersubscribed and the controlling shareholders of the Company hold more than 75% Shares (and therefore the minimum public float is not maintained), the controlling shareholders of the Company will enter into a placing agreement with the Underwriter, pursuant to which the Underwriter will place down, on a pro-rata basis, the Shares held by Mr. Zhao and Ms. Gao, respectively, to Independent Third Parties prior to the completion of the Rights Issue to ensure compliance with the Public Float Requirement at all times. In such circumstance, Mr. Zhao and Ms. Gao will take up 41,734,388 Rights Shares and 116,050 Rights Shares (which comprise the full acceptance of their provisional entitlement by the Latest Acceptance Date), respectively, and shall be interested in an aggregate of 61,954,224 Shares, representing 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue. The Company and the Underwriter will closely monitor the daily report provided by the Registrar indicating the daily level of acceptance during the period from the despatch of the Prospectus Documents to the latest time for acceptance and payment for the Rights Issue, and will commence necessary preparation of the above steps earlier if required to ensure compliance with Rule 8.08(1) of the Listing Rules at all times.

In the event that the Rights Issue is undersubscribed and the controlling shareholders of the Company hold less than 75% of the enlarged issued share capital, the excess Rights Shares (if any) will be allocated to the Shareholders (including Mr. Zhao and Ms. Gao, if any of them apply for such excess Right Shares) on a fair and equitable basis to the extent that the Public Float Requirement will be complied with upon completion of the Rights Issue.

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

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance by the Shareholders (except the Undertaking Rights Shares) ^{Note 5}		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (except the Undertaking Rights Shares) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter	
	No. of whole Shares	(approx.) % <i>Note 4</i>	No. of whole Shares	(approx.) % <i>Note 4</i>	No. of whole Shares	(approx.) % <i>Note 4</i>	No. of whole Shares	(approx.) % <i>Note 4</i>
Controlling shareholders								
— Mr. Zhao ^{Note 1}	20,967,194	50.97	62,901,582	50.97	62,901,582	75.57	62,901,582	50.97
— Ms. Gao ^{Note 2}	83,025	0.20	249,075	0.20	249,075	0.30	249,075	0.20
Sub-total	<u>21,050,219</u>	<u>51.17</u>	<u>63,150,657</u>	<u>51.17</u>	<u>63,150,657</u>	<u>75.87</u>	<u>63,150,657</u>	<u>51.17</u>
Public Shareholders								
— Underwriter ^{Note 3}	—	—	—	—	—	—	40,175,952	32.55
— Other public Shareholders	<u>20,087,976</u>	<u>48.83</u>	<u>60,263,928</u>	<u>48.83</u>	<u>20,087,976</u>	<u>24.13</u>	<u>20,087,976</u>	<u>16.28</u>
Sub-total	<u>20,087,976</u>	<u>48.83</u>	<u>60,263,928</u>	<u>48.83</u>	<u>20,087,976</u>	<u>24.13</u>	<u>60,263,928</u>	<u>48.83</u>
Total	<u><u>41,138,195</u></u>	<u><u>100</u></u>	<u><u>123,414,585</u></u>	<u><u>100</u></u>	<u><u>83,238,633</u></u>	<u><u>100</u></u>	<u><u>123,414,585</u></u>	<u><u>100</u></u>

Notes:

- Mr. Zhao beneficially owns 20,967,194 Shares, of which (i) 104,339 Shares are held directly by him; (ii) 20,406,479 Shares are directly held by Foreshore Holding Group Limited, which is wholly owned by Sea Network Holdings Limited, which is in turn wholly owned by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao as the settlor for the benefit of himself and his family members; (iii) 356,376 Shares are held directly by Better Day Holdings, a company which is controlled by Mr. Zhao; and (iv) 100,000 Share Options granted under the Share Option Scheme.
- Ms. Gao beneficially owns 83,025 Shares, of which (i) 58,025 Shares are held directly by her; and (ii) 25,000 Share Options granted under the Share Option Scheme.

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3. Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall use all reasonable endeavours to ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (ii) that no such relevant subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and its associates or persons acting in concert with any of them, when aggregated with the total number of Shares (if any) already held by them, holding more than 30% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue; and (iii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
5. This scenario is for illustrative purpose only. In the event that the Rights Issue is undersubscribed and the controlling shareholders of the Company hold more than 75% Shares (and therefore the minimum public float is not maintained), the controlling shareholders of the Company will enter into a placing agreement with the Underwriter, pursuant to which the Underwriter will place down, on a pro-rata basis, the Shares held by Mr. Zhao and Ms. Gao, respectively, to Independent Third Parties prior to the completion of the Rights Issue to ensure compliance with the Public Float Requirement at all times. In such circumstance, Mr. Zhao and Ms. Gao will take up 41,934,388 Rights Shares and 166,050 Rights Shares (which comprise the full acceptance of their provisional entitlement by the Latest Acceptance Date), respectively, and shall be interested in an aggregate of 62,428,974 Shares, representing 75% of the enlarged issued share capital of the Company upon completion of the Rights Issue. The Company and the Underwriter will closely monitor the daily report provided by the Registrar indicating the daily level of acceptance during the period from the despatch of the Prospectus Documents to the latest time for acceptance and payment for the Rights Issue, and will commence necessary preparation of the above steps earlier if required to ensure compliance with Rule 8.08(1) of the Listing Rules at all times.

In the event that the Rights Issue is undersubscribed and the controlling shareholders of the Company hold less than 75% of the enlarged issued share capital, the excess Rights Shares (if any) will be allocated to the Shareholders (including Mr. Zhao and Ms. Gao, if any of them apply for such excess Right Shares) on a fair and equitable basis to the extent that the Public Float Requirement will be complied with upon completion of the Rights Issue.

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

PREVIOUS FUND-RAISING EXERCISE INVOLVING ISSUE OF SECURITIES IN THE PRIOR 12-MONTHS PERIOD

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

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LISTING RULES IMPLICATIONS

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

As at the Latest Practicable Date, (i) Mr. Zhao, being an executive Director, the chairman and chief executive officer of the Company; and (ii) and Ms. Gao, being an executive Director and the spouse of Mr. Zhao hold 20,867,194 Shares and 58,025 Shares, representing approximately 51.20% and 0.14% of the issued Shares, respectively.

The Rights Issue has been approved by the Independent Shareholders at the EGM held on 13 September 2022 and Mr. Zhao, Ms. Gao and their respective associates have abstained from voting in favour of the resolution(s) relating to the Rights Issue at the EGM in accordance with Rule 7.27A (1) of the Listing Rules.

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

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

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

Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 28 September 2022 to Thursday, 6 October 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares and/or in the nil-paid Rights Shares up to the date on which all the

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conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the financial years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://ir.besunyen.com/>):

- The unaudited financial information of the Group for the six months ended 30 June 2022 is disclosed in the interim report of the Company for the six months ended 30 June 2022 published on 16 September 2022, from pages 17 to 46:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0916/2022091600533.pdf>

- The audited financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 12 April 2022, from pages 89 to 179:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0412/2022041200561.pdf>

- The audited financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 15 April 2021, from pages 92 to 187:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500586.pdf>

- The audited financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 20 April 2020, from pages 92 to 191:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042001272.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness:

		As at 31 July 2022
		<i>RMB'000</i> (Unaudited)
Borrowings	(a)	210,139
Lease liabilities	(b)	18,710

(a) Borrowings**• Bank borrowings**

As at 31 July 2022, the Group had an aggregate outstanding bank borrowings of approximately RMB206,460,000 comprising:

- (i) Outstanding bank borrowings of approximately RMB12,000,000 which are unsecured.
- (ii) Outstanding bank borrowings of approximately RMB194,460,000 which are secured by a third-party company, a group company and individuals, and pledged by equipment, land use rights and buildings.

• Other borrowings

As at 31 July 2022, the Group had secured borrowings of approximately RMB3,679,000 in respect of lease for an equipment.

(b) Lease liabilities

As at 31 July 2022, the Group had lease liabilities of approximately RMB18,710,000 in respect of lease for various offices, warehouses, and retail stores.

(c) Contingent liabilities

As at 31 July 2022, the Group did not have any significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 July 2022, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least 12 months from the date of this Prospectus in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As disclosed in the 2022 Interim Report, the Group recorded a loss attributable to the Shareholders of approximately RMB6.6 million for the six months ended 30 June 2022 as compared to a profit attributable to the Shareholders of approximately RMB26.4 million

for the six months ended 30 June 2021. The decrease in results performance of the Group for the first half of 2022 as compared to the same period last year was mainly attributable to: (i) affected by the new wave of the COVID-19 pandemic, some cities have adopted strict pandemic prevention and control measures, which have a certain impact on the Group's marketing business and logistics distribution; and (ii) affected by market changes and price competition, the shipment volume of weight-loss medicines, the major products of the Group, in the first half of the year decreased by approximately 50% compared with the same period last year, while the average settlement unit price also decreased.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirm there had been no material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in the research and development, production, sale and promotion of therapeutic teas and medicines. As set out in the 2021 Annual Report, the Group mainly operates two major segments, including tea products segment and weight-loss and other medicines segment. Tea products segment included the sale of detox teas, slimming teas and fit teas, whereas weight-loss and other medicines segment mainly included the sale of weight-loss medicines.

As disclosed in the 2022 Interim Report, during the first half of 2022, the Group continued to be affected by the COVID-19 pandemic, which have adversely affected the operating performance of the Group. The Group has implemented preventive and control measures to minimise the impact arising therefrom. Looking forward, with easing of the government anti-COVID-19 measures and the rapid roll out of mass vaccination on-going currently, the Directors are cautiously optimistic that the performance of the Group will rebound in the future. The Directors will closely monitor the situation and evaluate the potential impact on the Group's operations and financial position on a continuing basis.

The Group will continue its prudent and flexible approach and be prepared to capture the development opportunities as soon as the economy is on track for a recovery. Going forward, to ensure the Group's business continuity, the Group would continue to (i) contact business platforms with a wider coverage in order to establish a new layout on short video platforms; (ii) work on research and development of products that suit the needs of the current consumer groups, with the aim of generating new performance growth for the Group; (iii) launch innovative and competitive products in terms of technological level, product form and external packaging, so as to meet new consumer demands; and (iv) develop the entire industry chain of medicines, health food, medical devices and general food, thereby achieving the advancement of marketing strategy from focusing on product selling to brand value building.

For illustrative purpose, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2022. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2022 (the “Unaudited Pro Forma Financial Information”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 as if the Rights Issue had taken place at 30 June 2022.

The Unaudited Pro Forma Financial Information was prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022, as extracted from the published interim financial information of the Group for the six months ended 30 June 2022, after incorporating the unaudited pro forma adjustments described in the accompanying notes. The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2022	Unaudited pro forma adjusted consolidated net tangible assets per Share after the completion of the Rights Issue	
	Note 1 RMB'000	Note 2 RMB'000	Note 3 RMB'000	Note 4 RMB	Note 5 RMB	Note 6 HK\$
Based on 81,510,390 Rights Shares to be issued at a Subscription Price of HK\$1.75 per Rights Share	699,912	118,669	818,581	17.17	6.70	7.84
Based on 82,276,390 Rights Shares to be issued at a Subscription Price of HK\$1.75 per Rights Share	699,912	132,909	832,821	17.17	6.75	7.90

Notes:

- (1) The consolidated net tangible assets attributable to the owners of the Company as at 30 June 2022 is extracted from the published interim financial information of the Group for the six months ended 30 June 2022, which is based on the reviewed consolidated net assets attributable to the owners of the Company as at 30 June 2022 of RMB820,896,000 with an adjustment for the intangible assets attributable to the owners of the Company as at 30 June 2022 of RMB120,984,000.
- (2) The estimated net proceeds from the Rights Issue are based on 81,510,390 Rights Shares or 82,276,390 Rights Shares at the Subscription Price of HK\$1.75 per Rights Share after deduction of the estimated underwriting fees and other related expenses payable by the Company.

The estimated net proceeds from the Rights Issue based on 82,276,390 Rights Shares to be issued has taken into account of the effect of the full exercise of the outstanding Share Options including the cash proceeds arisen from the full exercise of the outstanding Share Options.
- (3) The unaudited consolidated net tangible assets per Share as at 30 June 2022 is calculated on the basis that 40,755,195 Shares were in issue on 30 June 2022.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is determined after the adjustments as described in note (2) above and on the basis that 122,265,585 Shares or 123,414,585 Shares were in issue, assuming the Rights Issue had been completed on 30 June 2022.
- (5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets per Share, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of RMB1 to HK\$1.17. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Besunyen Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Besunyen Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 26 September 2022, in connection with the proposed rights issue of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the Group’s financial position as at 30 June 2022 as if the proposed rights issue had taken place at 30 June 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the six months ended 30 June 2022, on which a review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 September 2022

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Issue and no further issue or repurchase of Shares from the Latest Practicable Date up to the completion of the Rights Issue) are set out as follows:

(a) As at the Latest Practicable Date

US\$

Authorised share capital:

<u>150,000,000</u>	Shares of US\$0.0003333332 each	<u>49,999.98</u>
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Issued and fully paid:

<u>40,755,195</u>	Whole Shares of US\$0.0003333332 each	<u>13,585.06</u>
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- (b) Immediately following the completion of the Rights Issue (assuming (i) no change in the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

HK\$

Authorised share capital:

<u>150,000,000</u>	Shares of US\$0.0003333332 each	<u>49,999.98</u>
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Issued and fully paid:

40,755,195	Whole Shares of US\$0.0003333332 each	13,585.06
<u>81,510,390</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>27,170.12</u>
<u>122,265,585</u>	Whole Shares in issue immediately upon completion of the Rights Issue	<u>40,755.18</u>

- (c) Immediately following the completion of the Rights Issue (assuming (i) no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date; and (ii) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

HK\$

Authorised share capital:

<u>150,000,000</u>	Shares of US\$0.0003333332 each	<u>49,999.98</u>
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Issued and fully paid:

41,138,195	Whole Shares of US\$0.0003333332 each	13,712.73
<u>82,276,390</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>27,425.45</u>
<u>123,414,585</u>	Whole Shares in issue immediately upon completion of the Rights Issue	<u>41,138.18</u>

All Shares in issue are fully-paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. SHARE OPTION SCHEMES

As at the Latest Practicable Date, the Company had outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 383,000 existing Shares, details of which are set out below:

Name of Grantee	Date of grant	Exercise price per Share (HK\$)	Number of underlying Shares
Directors			
Zhao Yihong	27 October 2014	40.00	100,000
Gao Yan	27 October 2014	40.00	25,000
Zhuo Fumin	27 October 2014	40.00	15,000
Ren Guangming	27 October 2014	40.00	15,000
Employees in aggregate	27 October 2014	40.00	<u>228,000</u>
Total			<u><u>383,000</u></u>

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures

As at the Latest Practicable Date, so far as known to the Directors, the Directors and chief executive of the Company had the following interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity	Number of Shares/options	Number of options granted under the Share Option Scheme	Approximate percentage of total issued Shares ⁽⁷⁾ %
Mr. Zhao Yihong	Beneficial owner, interest of his spouse, founder of a discretionary trust and interest of corporation controlled by the Director ⁽¹⁾⁽³⁾	21,050,219 ^{(1)(L)}	125,000 ^{(1)(L)}	51.65
Ms. Gao Yan	Beneficial owner and interest of her spouse ⁽²⁾⁽³⁾	21,050,219 ^{(2)(L)}	125,000 ^{(2)(L)}	51.65
Mr. Zhuo Fumin	Beneficial owner and interest of his Spouse	18,400 ^{(4)(L)}	15,000 ^{(4)(L)}	0.05
Mr. Ren Guangming	Beneficial owner	24,250 ^{(5)(L)}	15,000 ^{(5)(L)}	0.06
Mr. He Yuanping	—	—	—	—
Mr. Fu Shula	Beneficial owner	5,000 ^{(6)(L)}	—	0.01

Notes:

- (1) Mr. Zhao Yihong, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme and 104,339 Shares. Mr. Zhao is the sole director of Foreshore Holding Group Limited and Better Day Holdings Limited. Mr. Zhao is also deemed or taken to be interested in the following Shares/options for the purposes of the SFO:
 - (i) 20,406,479 Shares which are beneficially owned by Foreshore Holding Group Limited, a company which is controlled by Mr. Zhao;
 - (ii) 356,376 Shares which are beneficially owned by Better Day Holdings Limited, a company which is controlled by Mr. Zhao; and
 - (iii) 25,000 options granted under the Share Option Scheme and 58,025 Shares, which are beneficially owned by Ms. Gao Yan, Mr. Zhao's spouse.
- (2) Ms. Gao Yan, executive Director, beneficially owns 25,000 options granted under the Share Option Scheme and 58,025 Shares. Ms. Gao is also deemed or taken to be interested in the following Shares/options for the purposes of the SFO:
 - (i) 100,000 options granted under the Share Option Scheme and 104,339 Shares, which are beneficially owned by Mr. Zhao Yihong, Ms. Gao's spouse;
 - (ii) 20,406,479 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Foreshore Holding Group Limited; and
 - (iii) 356,376 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Better Day Holdings Limited.
- (3) The entire issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.
- (4) Mr. Zhuo Fumin, non-executive Director, beneficially owns 15,000 options granted under the Share Option Scheme. Mr. Zhuo is also deemed or taken to be interested in the 3,400 Shares beneficially owned by his wife for the purposes of the SFO.
- (5) Mr. Ren Guangming, independent non-executive Director, beneficially owns 15,000 options granted under the Share Option Scheme and 9,250 Shares.
- (6) Mr. Fu Shula, independent non-executive Director, beneficially owns 5,000 Shares.
- (7) This is calculated based on 40,755,195 Shares, being the number of Shares in issue as at Latest Practicable Date. The percentage of interest in the columns includes the options granted under the Share Option Scheme.

* The letter "L" denotes the person's long position in such Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange

pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interest in Shares and underlying shares

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following Shareholders other than a Director or chief executive of the Company had an interest or short position in the Shares and underlying Shares, (a) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (b) who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such securities.

Substantial Shareholders	Number of Shares	Approximate percentage of total issued Shares⁽³⁾ %
Foreshore Holding Group Limited ⁽¹⁾	20,406,479 ^(L)	50.07%
Sea Network Holdings Limited ⁽¹⁾	20,406,479 ^(L)	50.07%
TMF Trust (HK) Limited ⁽¹⁾	20,406,479 ^(L)	50.07%
Ms. PENG Wei ⁽²⁾	3,257,550 ^(L)	7.99%
Everyoung Investment Holdings Limited ⁽²⁾	3,093,750 ^(L)	7.59%

Notes:

- (1) The entire issued share capital of Foreshore Holding Group Limited is directly owned by Sea Network Holdings Limited. The entire issued share capital of Sea Network Holdings Limited is held by TMF Trust (HK) Limited, in its capacity as the trustee of a family trust established by Mr. Zhao Yihong as the settlor for the benefit of himself and his family members.
- (2) The entire issued share capital of Everyoung Investment Holdings Limited is directly owned by Ms. Peng Wei. Ms. Peng Wei beneficially owns 163,800 Shares.
- (3) This is calculated based on 40,755,195 Shares, being the number of Shares in issue as at the Latest Practicable Date.

* The letter "L" denotes the person's long position in such Shares.

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had interest in any business that competes or may compete with the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

7. DIRECTORS' INTERESTS IN GROUP'S ASSETS OR CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any interest in any assets which had been since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the Underwriting Agreement;
- (b) the Irrevocable Undertakings;
- (c) the agreement of intent on sale and purchase of the real estate dated 29 November 2021 and entered into between (i) Mr. Dong Yiming and Ms. Dong Yilan as purchasers; and (ii) Shanghai Bisheng Property Management Co., Ltd., an indirect wholly-owned subsidiary of the Company as vendor in respect of the disposal of the target properties at the consideration of RMB56 million;
- (d) the subscription agreement dated 26 February 2021 and entered into between (i) Hainan Besunyen Healthcare Investment Limited* (海南碧生源健康投資有限公司) (“**Besunyen Healthcare Investment**”), an indirect wholly-owned subsidiary of the Company as subscriber; and (ii) Vstar Partners Limited as general partner, which is ultimately beneficially owned by Mr. Zhuo, in respect of the subscription of the interests in Vstar Investment Fund Limited Partnership by Besunyen Healthcare Investment at the consideration of US\$2.3505 million;
- (e) the restructuring investment agreement dated 1 February 2021 and entered into between (i) Tibet Qianruiwanfu Venture Investment Co., Ltd.* (西藏千瑞萬福創業投資有限公司), an indirect wholly-owned subsidiary of the Company as investor; (ii) Henan Qianye Lawyers* (河南千業律師事務所) as bankruptcy administrator; and (iii) Henan Xueyinghua Pharmaceutical Co., Ltd.* (河南雪櫻花製藥有限公司) (“**Xueyinghua**”) as liquidated company in respect of the investment in Xueyinghua at the consideration of RMB31.99 million; and
- (f) the equity transfer agreement dated 14 August 2020 and entered into between (i) BASIC VENTURE LIMITED as purchaser; (ii) Beijing Outsell Health Product Development Co., Ltd. (北京澳特舒爾保健品開發有限公司) (“**Beijing Outsell**”), an indirect wholly-owned subsidiary of the Company as vendor; and (iii) the Company and Besunyen (Hong Kong) Co., Limited (碧生源(香港)有限公司), an indirect wholly-owned subsidiary of the Company, as guarantors in respect of the disposal of Beijing Shenhuibiyuan Cloud Computing Technology Company Limited (北京申惠碧源雲計算科技有限公司), a direct wholly-owned subsidiary of Beijing Outsell, at the consideration of RMB463 million.

10. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advisory fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$3.8 million and are payable by the Company.

11. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinions, letters or advice contained in this Prospectus:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants and Registered Public Interest Entity Auditor

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

12. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office of the Company	Portcullis (Cayman) Ltd The Grand Pavilion Commercial Centre Oleander Way, 802 West Bay Road P.O. Box 32052 Grand Cayman KY1-1208 Cayman Islands
Principal place of business in the PRC of the Company	No. 1 Qiushi Industrial Park Doudian Town Fangshan District Beijing 102433 PRC
Place of business in Hong Kong of the Company	Units 2005C–2006A 20/F., Exchange Tower No. 33 Wang Chiu Road Kowloon Bay Kowloon Hong Kong
Authorised representatives of the Company	Mr. Zhao Yihong Units 2005C-2006A 20/F., Exchange Tower No. 33 Wang Chiu Road Kowloon Bay Kowloon Hong Kong Mr. Au Lap Ming Units 2005C-2006A 20/F., Exchange Tower No. 33 Wang Chiu Road Kowloon Bay Kowloon Hong Kong
Company secretary of the Company	Mr. Au Lap Ming
Auditor and reporting accountant of the Company	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22/F, Prince's Building Central Hong Kong

Principal bankers of the Company	Bank of Beijing Fangshan Branch 1st Floor, Longjian Building No. 3 Yue Hua Street Liang Xiang Fangshan District, Beijing
	China CITIC Bank Corporation Limited Beijing Gaobeidian Branch East Wing, 1st Floor Chaoqinghui Department Store Xinglong Residential Community Complex No. 2 Xinglong Street Chaoyang District, Beijing
Principal share registrar and transfer office of the Company	MaplesFS Limited P.O. Box 1093, Queensgate House Grand Cayman, KY1-1102 Cayman Islands
Hong Kong branch share registrar and transfer office of the Company	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong
Underwriter	Lego Securities Limited Room 301, 3/F China Building 29 Queen’s Road Central Hong Kong
Financial adviser to the Company	Lego Corporate Finance Limited Room 1601, 16/F China Building 29 Queen’s Road Central Hong Kong

Legal advisers to the Company*As to Hong Kong Law:*

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

As to Macau Law:

DSL Lawyers
Av. da Praia Grande 409
China Law Building 16/F
Macau

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**Executive Directors**

Mr. Zhao Yihong, aged 55, is the co-founder, chairman and chief executive officer of the Company and was appointed as an executive Director in August 2009. Mr. Zhao is also a member of the remuneration committee, the nomination committee and the strategic investment committee of the Company and a director of several subsidiaries of the Group. Mr. Zhao is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Mr. Zhao established Beijing Outsell in 2000 and embarked on the business of production and sale of therapeutic tea products, and has played a vital role in the development of the Group. Mr. Zhao has 32 years of experience in food and beverage industry in the PRC. Between 1988 and 1991, Mr. Zhao has served as an officer at the Jinan Municipal Bureau of Grain of the Shandong Province. Between 1991 and 2000, Mr. Zhao served in various positions, including a sales and a vice manager, responsible for the beverage business in the Northern China region, at Ting Hsin International Group, a food conglomerate in the PRC. Mr. Zhao graduated from China Coal Economic College, now known as Shandong Technology and Business University, in 1988 with a bachelor's degree in economics. He completed the China New Entrepreneur Development Program, a joint program sponsored by the Enterprise Research Institution, DRC-ERI and the Stanford Center for Professional Development, in 2006 and obtained an executive master of business administration degree from The Hong Kong University of Science and Technology in 2012. Mr. Zhao is currently a council member and an adjunct professor of Shandong University of Science and Technology. Mr. Zhao is the spouse of Ms. Gao Yan.

Ms. Gao Yan, aged 54, is co-founder, vice chairman and vice president of the Company and was appointed as an executive Director in October 2009. Ms. Gao is also a director of several subsidiaries of the Group. Ms. Gao has served as the vice chairman of Beijing Outsell since 2000. Between 1997 and 2000, Ms. Gao worked as a director at Beijing Ruipule Commerce and Trade Co., Ltd., a private trading company. Ms. Gao is the spouse of Mr. Zhao Yihong.

Non-executive Director

Mr. Zhuo Fumin, aged 70, was appointed as a non-executive Director in October 2009. Mr. Zhuo is also the chairman of the strategic investment committee of the Company and a director of several subsidiaries of the Group. Mr. Zhuo has more than 46 years of experience in the field of enterprise management and capital markets. Mr. Zhuo is the chairman and a managing partner of Vstar Capital. Mr. Zhuo has served senior positions including an office head and an officer assistant of the Shanghai Economic System Reform Committee. Mr. Zhuo has also held in turn various senior positions at Shanghai Industrial Investment (Holdings) Co., Ltd., including the chief executive officer of Shanghai Industrial Holdings Limited (a company listed on the Stock Exchange, stock code: 363) and the chairman and an executive director of SIIC Medical Science and Technology (Group) Limited. Since 2002, Mr. Zhuo fully devotes to venture capital business and has in turn served as the chairman and the chief executive officer of Vertex China Investment Co., Ltd. (a wholly owned subsidiary of Vertex Management Group, a global venture capital management company), the founder and the chairman of Shanghai Kexing Venture Capital Fund and a management partner of GGV Capital. Mr. Zhuo is an independent director of Daqo New Energy Corp. (a company listed on the New York Stock Exchange, stock code: DQ), Shanghai Shine-Link International Logistics Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603648) and Dazhong Transportation (Group) Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600611) and an independent non-executive director of Sinopharm Group Co. Ltd. (a company listed on the Stock Exchange, stock code: 1099) and SRE Group Limited (a company listed on the Stock Exchange, stock code: 1207). He has served as an independent director of Arcplus Group Plc (a company listed on the Shanghai Stock Exchange, stock code: 600629) and Focus Media Information Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002027). Mr. Zhuo graduated from Shanghai Jiaotong University of Engineering Science (now known as Shanghai University of Engineering Science) in 1983. He subsequently obtained a master's degree in economics from Fudan University in 1997.

Independent non-executive Directors

Mr. Ren Guangming, aged 58, was appointed as an independent non-executive Director in April 2014. He is the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company. Mr. Ren has over 33 years of experience in regulatory authorities and enterprise management. Since May 2012, Mr. Ren is the chairman of 北京星軌科技有限公司 (Beijing Xinggui Technology Co. Ltd.*). From August 2001 to April 2012, Mr. Ren worked for Hong Kong Exchanges and Clearing Limited Beijing Representative Office and served as the chief representative for a long time. From February 2000 to July 2001, he served as a manager of PCCW Beijing. From 1987 to January 2000, Mr. Ren served in Hong Kong and Macao Affairs Office of the State Council of the PRC, including working in the research institute, the economy department and Sino-British Joint Liaison Group Chinese Representative Office. He has served as an independent director of NavInfo Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002405). Mr.

Ren graduated from Nankai University with a bachelor's double-degree in world history and economics in 1987. He obtained a master's degree in business administration from China Center for Economic Research of the Peking University in 2001.

Mr. He Yuanping, aged 55, was appointed as an independent non-executive Director in October 2016. He is the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the strategic investment committee of the Company. Mr. He has years of experience in senior operation and management, with rich theoretical knowledge and practical experience in investment and financing, business management, industrial operations, finance and other fields. Since August 2018, Mr. He is the chairman of 碧興物聯科技(深圳)股份有限公司 (Bescient Technologies (Shenzhen) Co. Ltd.*). Mr. He served as a director, deputy general manager, chief financial officer and board secretary of Beijing OriginWater Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300070) (“**Beijing OriginWater**”) from June 2007 to March 2018. He worked as a director, deputy general manager and chief financial officer of Beijing OriginWater Science and Technology Development Co., Ltd. (predecessor of Beijing OriginWater) from September 2005 to June 2007. Mr. He worked as a deputy general manager and the chief investment officer of Beijing Allianz Investment Co. Ltd. from April 2003 to August 2005. Currently, he is a director of Wuhan Sanzhen Industry Holding Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600168). Mr. He has served as a non-executive director of Yunnan Water Investment Co., Limited (a company listed on the Stock Exchange, stock code: 6839). Mr. He assumes several social positions, including a member of the Fixed Income Committee of the Securities Association of China, an expert in the Public-Private Partnership (PPP) Expert Database of the National Development and Reform Commission, a vice president of Western Returned Scholars Association ANZ branch and a guest teacher of the School of Accountancy of Central University of Finance and Economics. He has won several prizes and social recognitions, including China CFO of the Year 2015 by New Fortune Magazine, The Most Popular CFO among Investors of the Year 2012 by the Chartered Institute of Management Accountants and Golden Shield Award for Excellent Board Secretary of China's Listed Companies of the Year 2014. Mr. He received a bachelor's degree in engineering from Nanjing University of Science and Technology in July 1987, a master's degree in engineering from University of Science and Technology Beijing in March 1992 and a master's degree in financial mathematics from Victoria University of Wellington in New Zealand in June 2000.

Mr. Fu Shula, aged 66, was appointed as an independent non-executive Director in April 2019. He is the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. From 1984 to 2015, he held various senior positions in Aviation Industry Corporation of China, Ltd. (“**AVIC**”), including President of China National Aero-Technology Import and Export Corporation, Deputy Chief Economist of AVIC, Chairman and President of AVIC International Holding Corporation, Chairman of AVIC Aero-Engine Holding Corporation and Chairman of AVIC Economics & Technology Research Establishment. Currently, he is an independent non-executive director of BOC

Aviation Limited (a company listed on the Stock Exchange, stock code: 2588). Mr. Fu graduated from Northwestern Polytechnical University with a master's degree in aero engine design in 1984.

Business address of the Directors and the senior management

The business address of the Directors, chief executive officer and the senior management is the same as the Company's head office and principal place of business in the PRC at No. 1 Qiushi Industrial Park, Doudian Town, Fangshan District, Beijing 102433, PRC.

Senior Management

Mr. Zhao Yihong is the Chief Executive Officer of the Group. His profile is shown in the Directors' profile above.

Ms. Gao Yan is the Vice President of the Group. Her profile is shown in the Directors' profile above.

Ms. Peng Wei, aged 59, is the Vice President of the Group principally in charge of the research and development, production and operation of medicines. Ms. Peng is also a director and the legal representative of several subsidiaries of the Group. Ms. Peng joined the Group in October 2017 and has more than 33 years of experience in the pharmaceutical industry. Between 1995 and October 2012, she held various senior positions in The United Laboratories International Holdings Limited (a company listed on the Stock Exchange, stock code: 3933), including vice chairman, executive director and general manager. Ms. Peng founded Zhongshan Wanhan and Wanyuan, which were acquired by the Group in October 2017. She graduated from the Department of Medicine of Xi'an Medical University in 1983 and obtained an Executive MBA degree from Lingnan College of Sun Yat-Sen University in 2006.

Ms. Wang Di, aged 51, is the Chief Financial Officer of the Group. Ms. Wang joined the Group in September 2021 and has many years of experience in capital operation, investment and finance management and financial management, etc. in large state-owned and private enterprises. Ms. Wang has served as the financial officer of Harbin Drawnwork Company of China Drawnwork Import and Export (Group) Co., the financial controller of Harbin KingSung Industry & Commerce Co., Ltd., the deputy director in the financial assets division of China National Chemical Engineering Co, Ltd., the financial controller and director of Sichuan Shengda Chemical New Materials Co., Ltd. and the director of China National Chemical Engineering Group Corporation-Finance Co., Ltd. Ms. Wang graduated from Harbin Normal University in 1998 with a bachelor's degree in financial management and auditing. Ms. Wang is a certified tax agent and a senior accountant in China.

Mr. Yu Hongjiang, aged 57, is the Vice President of the Group principally in charge of the internal audit. Mr. Yu is also a director and the legal representative of several subsidiaries of the Group. Mr. Yu joined the Group in July 2000 and has more than 31 years of experience in the field of finance. Between 1987 and 1989, Mr. Yu

served as a manager of the finance department at Tianjin Binhai Company Limited (now known as Tianjing Zhongxin Pharm. Binhai Corp., Ltd.). Between 1997 and 2000, Mr. Yu worked at Beijing Green World Nutrition Health Products Co., Ltd., a health food manufacturer, as the chief financial officer. Mr. Yu graduated from Shanxi University of Finance and Economics in 1987 and obtained a bachelor's degree in economics with a major focus in accounting. He obtained an Executive MBA degree from the National School of Development at Peking University in 2013.

Mr. Lin Ruhai, aged 53, is the Vice President of the Group principally in charge of the public relationships. Mr. Lin joined the Group in September 2012 and has over 32 years of experience in the media and health industry. He has served as a manager of China Optoelectro Industries Co., Ltd., China North Industries Group Corporation and a TV program producer in Hunan TV & Broadcast Intermediary since 1998. Between 2002 and 2005, Mr. Lin served as the Deputy Managing Director of Beijing Orient Power Advertising Co., Ltd. Between 2006 and 2012, he served as a vice secretary-general of the Healthcare Consultancy Services Working Committee under the China Health Care Association. Mr. Lin has been serving as a part-time vice secretary-general of the China Health Care Association after joining the Group. Since December 2018, Mr. Lin was appointed as the Vice Chairman of the Big Health Committee under the Pharmaceutical Division of All-China Federation of Industry and Commerce.

Mr. Zhao Yiyin, aged 38, is the Vice President of the Group principally in charge of the sales and marketing. Mr. Zhao joined the Group in July 2007 till September 2013, re-joined the Group in June 2015 and has more than 14 years of experience in the field of sales and marketing. Between October 2013 and May 2015, Mr. Zhao served as the national OTC director at Zhejiang Senyu Holding Group. Mr. Zhao graduated from the Department of Information Engineering of Beijing Institute of Graphic Communication in 2007 and obtained a bachelor's degree in engineering with a major focus in automation.

Mr. Qin Pu, aged 41, is the Chief Strategy Officer and Chief Investment Officer of the Group. Mr. Qin joined the Group in December 2019 and has more than 19 years of experience in the healthcare industry in China and overseas, including both sides for government authorities and corporate, investment and financing, demand side and supply side, etc. Between July 2016 and December 2019, Mr. Qin served as a senior vice president of 深圳碳雲智能科技有限公司 (Shenzhen iCarbonX Limited*). Between November 2009 and June 2016, Mr. Qin served as the industry principal for healthcare and life sciences of SAP Greater China and the industry partner of the SAP private equity team in Asia Pacific. Before that, Mr. Qin has worked in turn for National Institute of Hospital Administration of Ministry of Health in China, Health Group in Australia, etc. Mr. Qin graduated from the School of Mathematical Sciences of Peking University with a bachelor's degree in information and computational sciences in 2003.

* For identification purpose only

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Au Lap Ming, who is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (d) The English text of this Prospectus shall prevail over the respective Chinese text in case of inconsistency.

17. DOCUMENTS ON DISPLAY

The following documents are available on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://ir.besunyen.com/>) for a period of 14 days from the date of this Prospectus:

- (a) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of the Group as set out in appendix II to this Prospectus;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (c) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix.