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碧生源控股有限公司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 926)

**INSIDE INFORMATION
UPDATE ON OPERATING POSITION**

This announcement is made by Besunyen Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the management accounts of the Group and the preliminary estimation of sales performance, the Group’s revenue for the year ending 31 December 2023 is expected to decrease by approximately 30% to 40% as compared to 2022, and the Group may record a net loss attributable to the Shareholders of approximately RMB237.5 million to RMB277.5 million for the year ending 31 December 2023 (the potential impairment losses from long-term asset impairment tests and changes in the fair value of the equity of unlisted companies in which the Group invested have not been taken into account in these estimated amounts).

In addition to the reasons disclosed in the Company’s 2023 interim report dated 28 August 2023 (including but not limited to the one-off net loss attributable to the Shareholders (after tax) of approximately RMB117.5 million recorded due to the disposal of 51% equity interest in each of Zhongshan Wanhan Pharmacy Co., Ltd. (中山萬漢製藥有限公司), Zhongshan Wanyuan New Medicine Research and Development Co., Ltd. (中山萬遠新藥研發有限公司) and Zhongshan Wanhan Pharmaceutical Co., Ltd. (中山萬漢醫藥有限公司)), the reasons for the expected increase in net loss attributable to the Shareholders to be recorded for 2023 as compared to 2022 mainly include:

- (i) in order to realise the co-creation and co-sharing incentive model, the Group has made strategic adjustments to the business operation model and staff structure by inviting core personnels to co-establish new entities and for such new entities to provide OTC, e-commerce, sales and marketing and other related business operations services to the Group. Accordingly, the Group and the relevant personnel will terminate labour contracts by consensus. It is estimated based on relevant laws and regulations that the Group will be required to pay the relevant personnel one-off termination compensation of approximately RMB50 million to RMB60 million; and
- (ii) as affected by market changes and price competition, the revenue from therapeutic teas and weight-loss medicines, being the major products of the Group, for the year ending 31 December 2023 is expected to decrease by approximately 15% to 25% year-on-year, while other health food and medicines for the year ending 31 December 2023 is expected to decrease by approximately 60% to 70% year-on-year.

As year 2023 has not yet ended, the annual results of the Group for the year ending 31 December 2023 have not been finalised. The information contained in this announcement represents the preliminary estimates made by the management of the Company with reference to the consolidated management accounts of the Group, which has not been audited or reviewed by the auditor of the Company. Specific and accurate financial information will be disclosed in the annual results announcement of the Company for the year ending 31 December 2023, which is expected to be published by the Company in March 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 October 2023

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