



**碧生源控股有限公司**  
Besunyen Holdings Company Limited  
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0926

# Annual Results 2012 Corporate Presentation

March 2013

天然養生  
固本之道

Sustaining Health from  
Nature's Nourishing



# Agenda

- Business Review
- Financial Summary
- Prospects and Strategies
- Q&A

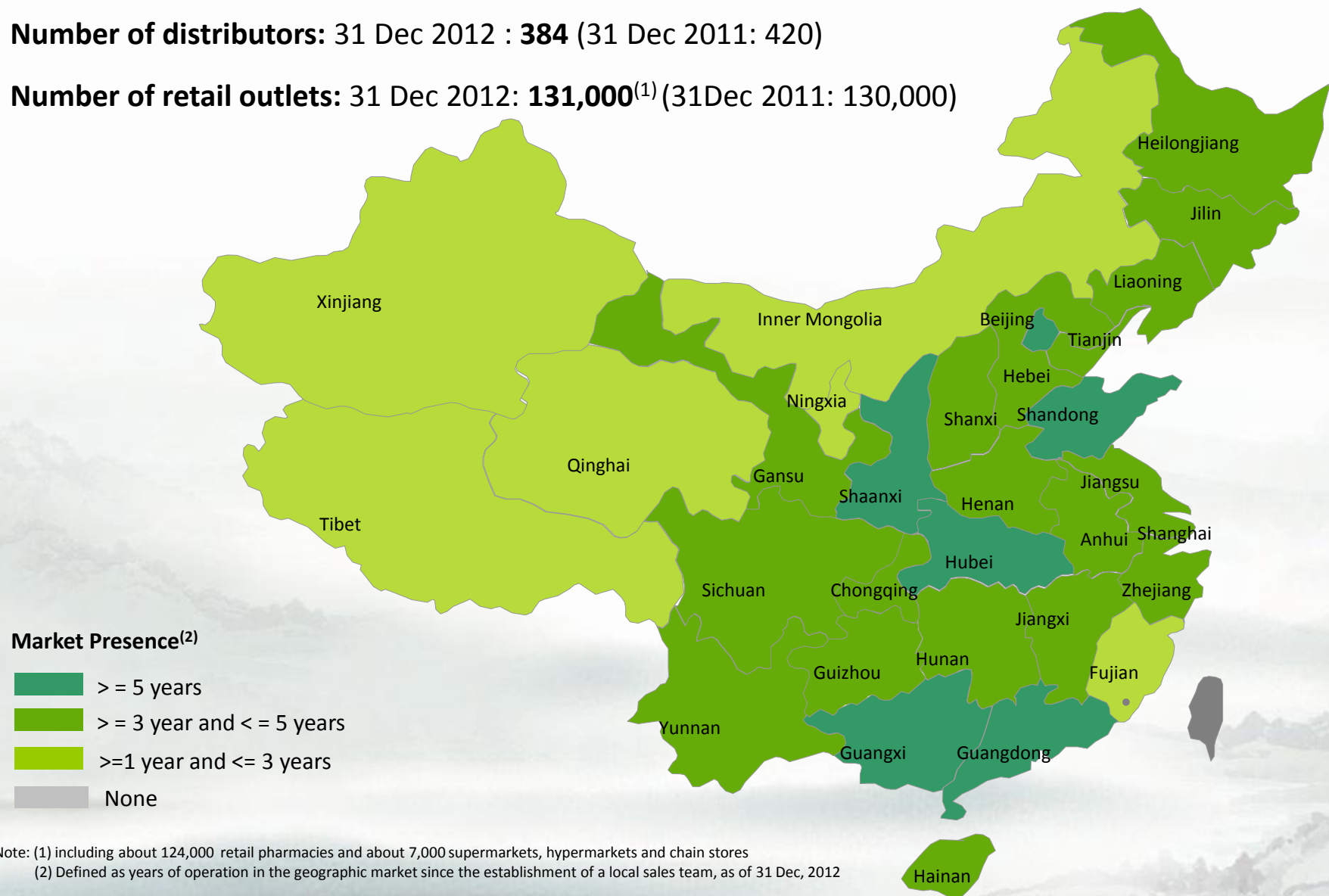
# Business Review



# Streamlining distribution channel and deepening market penetration

Number of distributors: 31 Dec 2012 : **384** (31 Dec 2011: 420)

Number of retail outlets: 31 Dec 2012: **131,000**<sup>(1)</sup> (31 Dec 2011: 130,000)



# Ongoing development of e-commerce business

- Besunyen products are extensively sold on its own retail website 7cha.com and other popular e-commerce platforms, such as Tmall, 360buy, Dangdang, Amazon.cn, Yihaodian (一號店) and Lefeng (樂蜂網)

7cha.com

Total sales revenue **increased by over 100%** in 2012 y-o-y

over **100,000 registered users** to date

The Group's own e-commerce website

[www.7cha.com](http://www.7cha.com)



Tmall

Reached **RMB1.2 million of sales** on November 11 2012, becoming one of the **top 10 online stores** in the health food segment that day

Other popular B2C e-commerce platforms

Tmall

360 Buy

Dang dang

Amazon



Yihaodian



Lefeng

Our online marketing campaigns worked in collaborations with traditional media to improve brand awareness among young shoppers

# Fostering long-term brand building efforts

Product-oriented marketing activities on satellite TV channels

Sponsorship

“If You are the One”(非诚勿扰)



“Talents in Life”(点事成金)



“The Voice of China 中国好声音”



Corporate image advertising on national channels



Placed community-oriented advertisements and sponsored the Mid-Autumn Festival show

# Fostering long-term brand building efforts (cont'd)

## Event Sponsorship in the university

- Sponsored the “University Advertisement Art Show Academy Award” with the theme “Slimming Makes Life More Wonderful” (减一减生活更精彩)
- Roadshows in 18 cities and 20 universities to build brand awareness among young people and potential consumers.

## Spokespersons



Laxative Tea



Slimming tea

In April 2012, “Besunyen” was awarded as one of the “Top 10 Credible Health Food Brands” for 2011 in the Fourth China Credible Health Food Forum<sup>(1)</sup> (第四届中国保健品公信力论坛)

In October 2012, “Besunyen” received an accolade of “The Brand Trusted by Consumers<sup>(2)</sup>” for 2012 in the 19th China International Advertising Festival

Notes: (1) The Fourth China Credible Health Food Forum (第四届中国保健品公信力论坛) is organized by the China Health Care Association in April 2012  
(2) The Accolade of “The Brand Trusted by Consumers” was presented by the China Advertising Great-wall Awards

# Foray into the teabag beverage market

2 series teabag beverage newly launched in June 2012

- Leveraged on Besunyen's leading brand position in the therapeutic tea market and innovation capabilities

## Chinese Herbal Tea Series



Lemon and ginger

Ginger Tea

Chrysanthemum and Goji

- A delicious and healthy teabag drink, using only the best tea leaves, resulting in a perfect blend of natural herbal benefits with wisdom of Chinese medicine
- Packaged in 12 bags or 20 bags a box
- Sold in major online sales platforms and over 2,000 retail stores in eastern China, including C-Store, Family Mart, RT-Mart & Walmart, etc, as at the end of 2012

## Floral Tea Series



Rose Black Tea

Royal Chrysanthemum  
Green Tea

- A perfect blend of choice of two leaves with quality petals
- Packaged in 20 bags or 25 bags a box



# Foray into the teabag beverage market (cont'd)

## Besunyen's general food and beverages products

- ✓ Compared with functional health food products, it enjoys **more extensive consumer base** and **higher frequency in consumption**



2 series were launched in June 2012

**More are coming in the future**

Supermarkets

E-commerce channels  
(In special designed package)

# Strived for new products launch - Maishuping

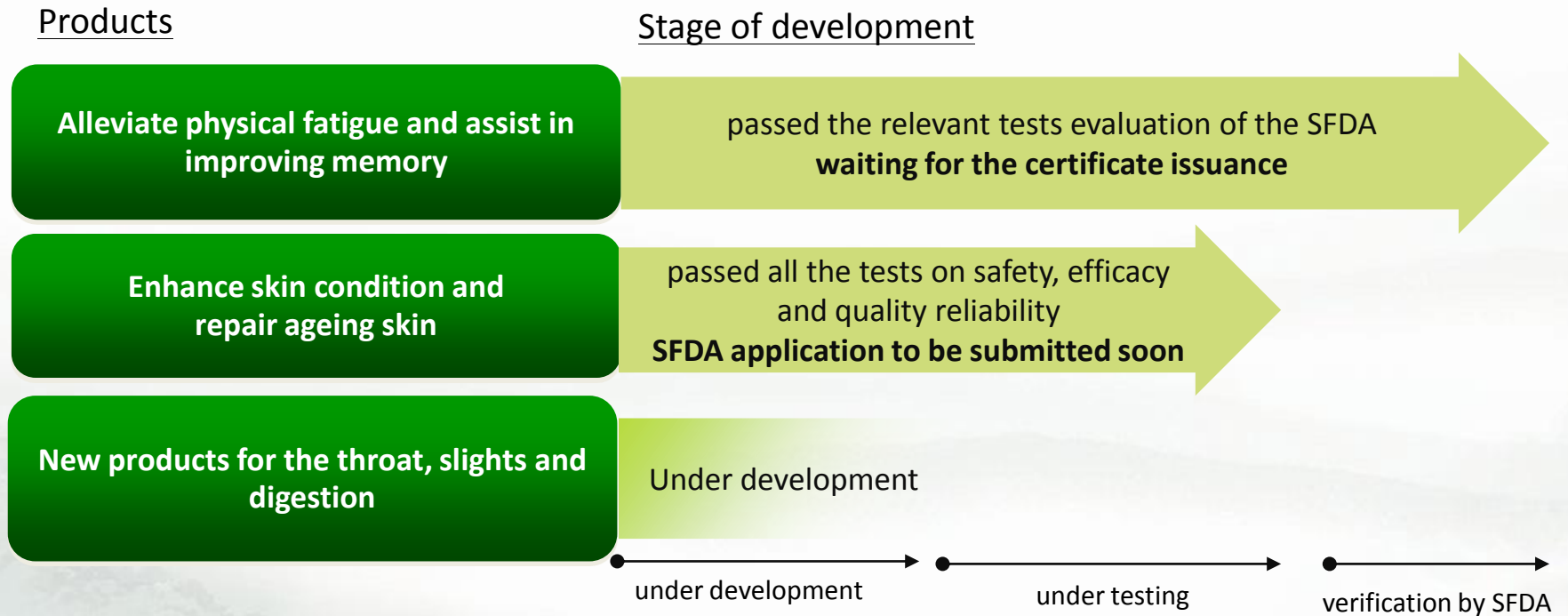
An OTC medicine teabag product which helps stabilize blood pressure

- Obtained approvals from SFDA<sup>(1)</sup> in November 2011
- **Clinical trials** in 4 large hospitals in China showed that the overall **product function efficacy** of Maishuping among 300 people who took the medicine reached **96%**
- Positioning and marketing strategies of Maishuping have been well in place

**GMP certificate for Maishuping's teabag production was acquired from SFDA in February 2013.**

Notes: (1) State Food and Drug Administration of China (“SFDA” 国家食品药品监督管理局)

# Product development pipeline



# Financial Summary

# Income Statement Highlight

('000 RMB)	2012	2011
Turnover	475,182	840,409
Gross profit	392,119	737,639
<i>Gross margin</i>	82.5%	87.8%
Operating (loss)/ profit	(286,409)	9,560
<i>Operating (loss)/ profit margin</i>	(60.3%)	1.1%
EBITDA	(304,291)	27,322
(Loss)/ profit before taxation	(343,697)	(6,882)
<i>PBT margin</i>	(72.3%)	(0.8%)
Net (loss)/profit	(342,187)	(40,876)
<i>Net (loss)/ profit margin</i>	(72.0%)	(4.9%)
ESP (Basic)(unit:RMB)	(0.22)	(0.02)
ESP (Diluted)(unit:RMB)	(0.22)	(0.02)

# Revenue Breakdown

(‘000 RMB)	2012	% of total	2011	% of total
Besunyen Detox tea	192,991	40.6%	417,847	49.7%
Besunyen Slimming tea	268,311	56.5%	414,232	49.3%
Others	13,880	2.9%	8,330	1.0%
Total	475,182	100.0%	840,409	100.0%

# Expense Rates

('000 RMB; % of Revenue)	2012	% of revenue	2011	% of revenue
Other income	11,540	2.4%	21,415	2.5%
Selling and marketing expenses	562,721	118.4%	619,744	73.7%
– Advertising expenses	311,782	65.6%	343,370	40.9%
Administrative expenses	112,068	23.6%	110,299	13.1%
R&D costs	15,279	3.2%	19,451	2.3%
Loss on disposal of a subsidiary	6,700	1.4%	-	-
Impairment loss recognised in respect of intangible assets	8,844	1.9%	-	-
Impairment loss recognised in respect of property , plant and equipment	41,744	8.8%	962	0.1%
			-	-

# Efficiency of Working Capital

(Days)	For the year ended 31 Dec 2012	For the year ended 31 Dec 2011
Inventory turnover days	36	25
Trade receivables and bills receivables turnover days	94	78
Trade receivables turnover days	13	33
Trade payable turnover days	22	26



# Balance Sheet, Cash Position and CAPEX

('000 RMB)	As of	
	Dec 31 2012	Dec 31 2011
Cash & cash equivalents	447,478	602,541
Bank loans	-	-
Current ratio	4.1X	4.9X
Leverage ratio <sup>(1)(2)</sup>	Net Cash	Net Cash

Note: (1) Debt = Bank loans + Convertible redeemable preferred shares – Cash & cash equivalents

(2) Leverage ratio = Debt / Total assets

('000 RMB)	For the year ended	
	Dec 31 2012	Dec 31 2011
Net Cash from/ (used in) operation activities	28,778	(66,131)

('000 RMB)	2012	2011
CAPEX	89,736	452,761

# Prospects and Strategies



# Outlook

## Promising long-term industry growth

- Key policy agenda of the Chinese government set for reforms and urbanisation to fuel medium- and long-term growth
- Escalating consumer demand on health and healthy life-style
- Tremendous market potential for health care products

## Cautious view on 2013

- Slow recovery in demand from our distributors in 2012
- Lingering uncertainty in China's economic growth
- Investment on channels, branding building and R&D are essential for long-term development

# Growth Strategies

As a LEADING brand and provider of therapeutic tea products in China, the Group strives to maintain its leading position and business growth in the market

Enhance sales network and distribution channels



Development of pipeline products

New products to combine modern ways of brewing with the self-cure functionality

Improve the “Besunyen” brand

Improve overall operation efficiency, and cost control

Our vision is to build the Besunyen brand as a Chinese household brand, to promote its function in curing ailments of our customers and instill the enjoyment of a green lifestyle among them.

# Sales and Marketing

## Develop new markets with high potentials and Enhance distribution channels

- Expand into low-tier cities in eastern China (e.g. Zhejiang and Jiangsu province)
- Improve sales in supermarkets and hypermarkets
- Enhance development of e-commerce platform

Supermarkets and hypermarkets



E-commerce platform



## Improve the “Besunyen” brand

- Integrated marketing activities on diversified media platforms
- Sponsorship of “King Wang” (大王小王) on Hubei Satellite TV.

Integrated marketing activities on diversified media platforms



**The End**



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# Appendix





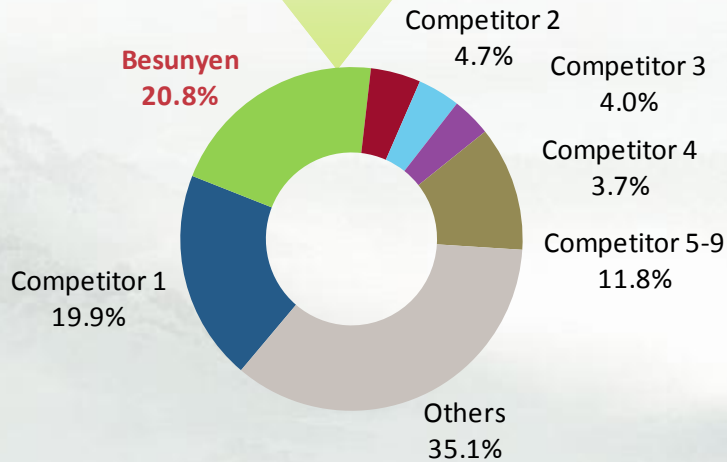
# Established Market Leadership

Leading position in laxative product market<sup>(1)</sup>

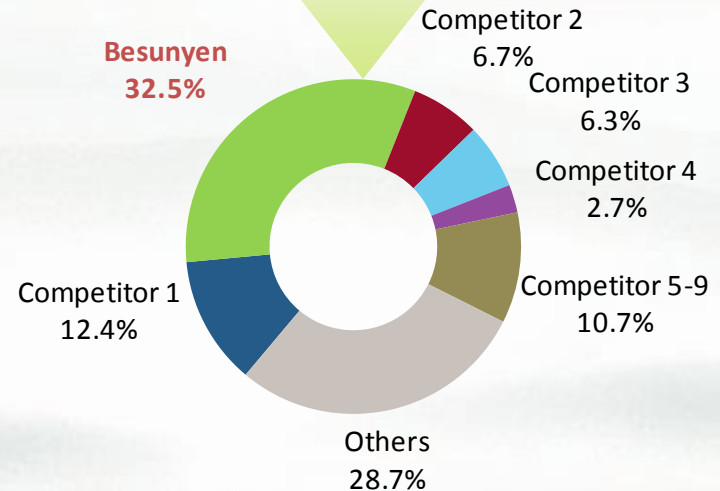
Leading position in slimming product market<sup>(1)</sup>



2012



2012

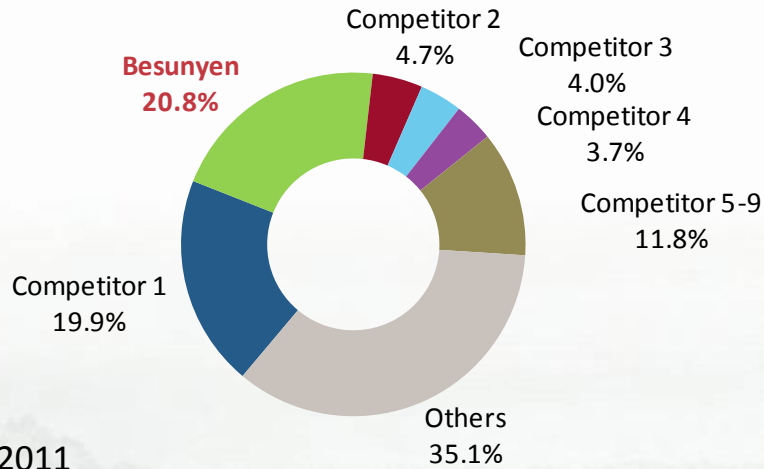


**Note:** (1) Laxative /slimming products sold through retail pharmacies in the China market (excluding Hong Kong, Macau and Taiwan) calculated based on retail sales value.  
**Source:** China Southern Medicine Economy Research Institute, 2013

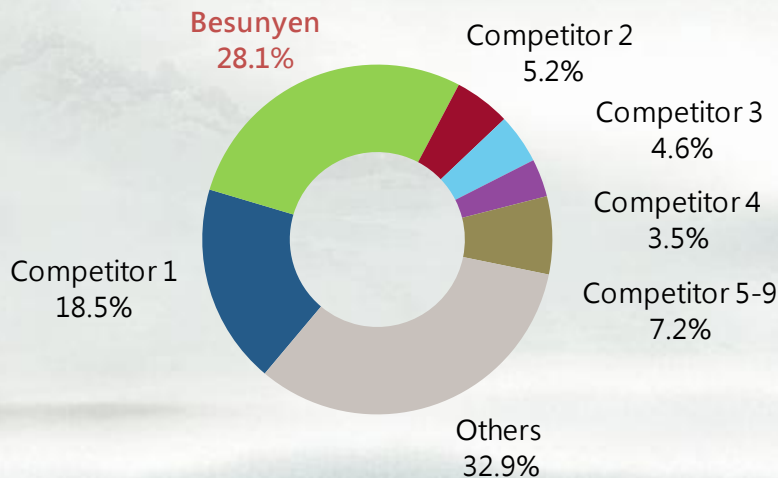
# Besunyen Detox Tea: Consolidate No.1 Market Leadership

Besunyen's leading position in laxative product market<sup>(1)</sup>

2012

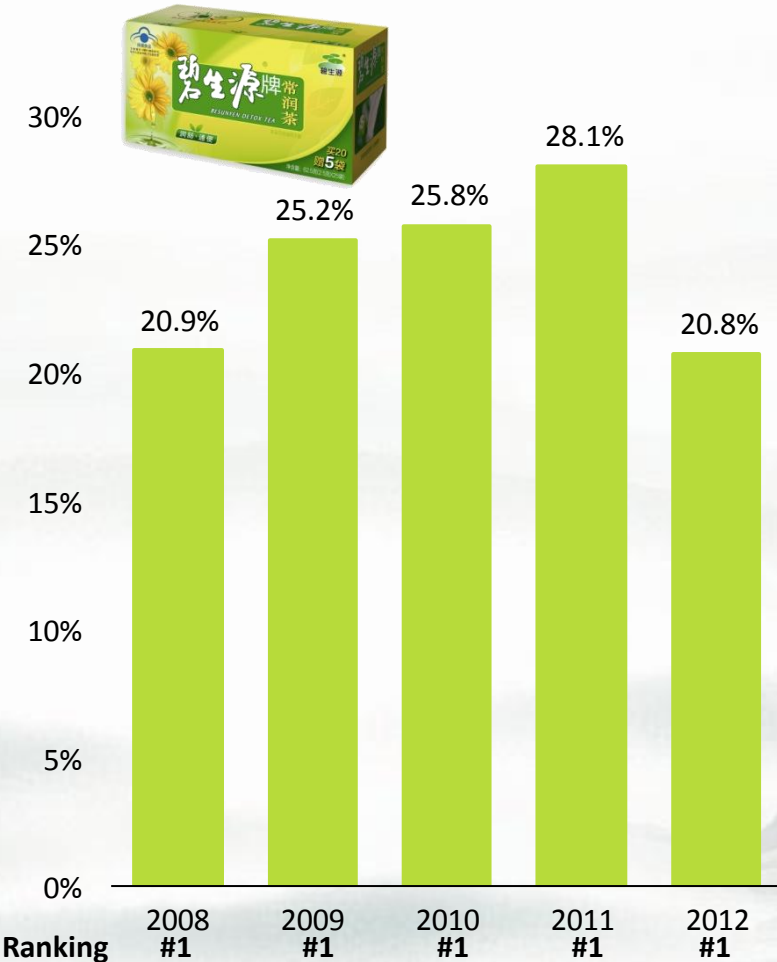


2011



Besunyen's market share in laxative product market<sup>(1)</sup>

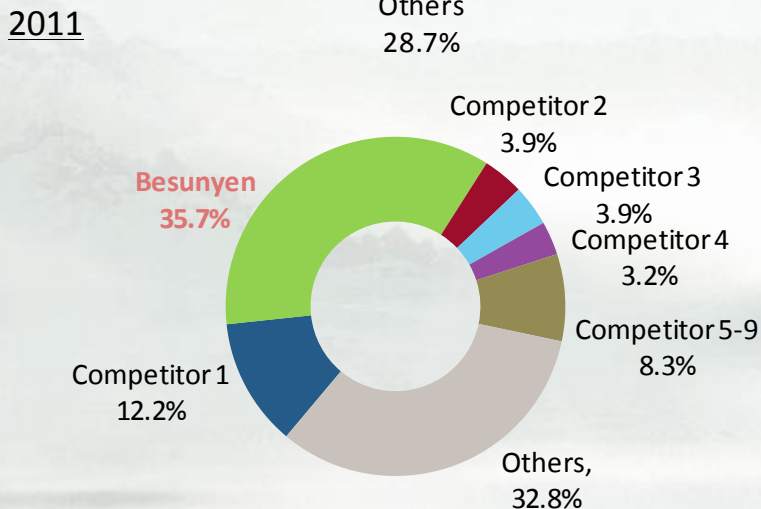
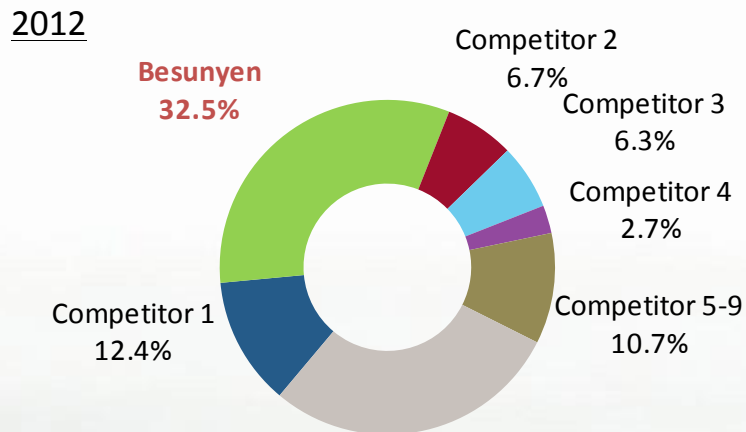
Market Share (%)



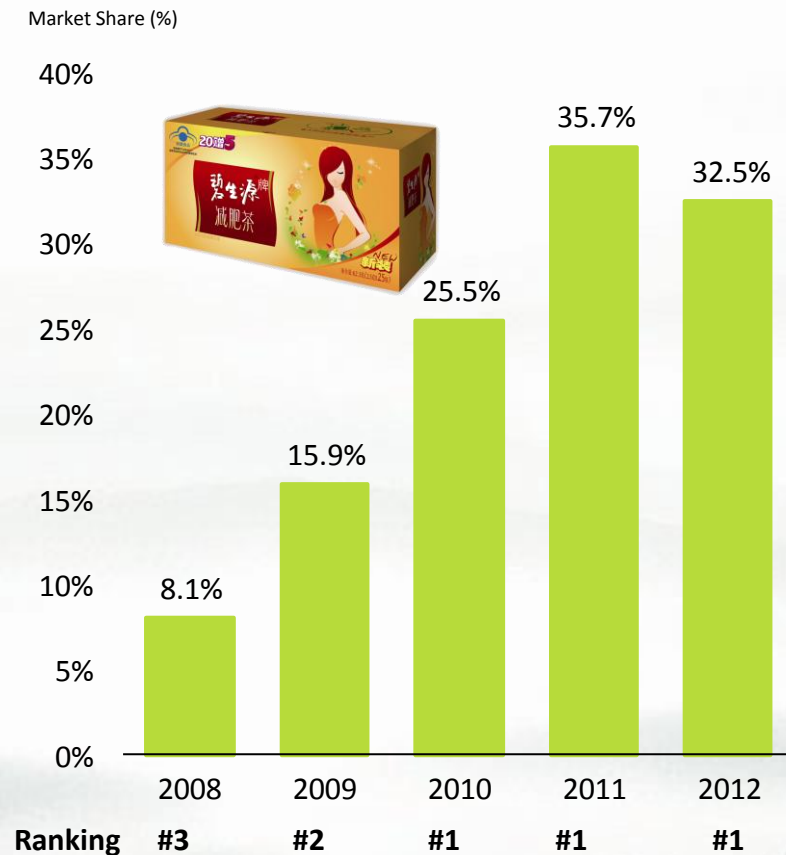
Note: (1) Laxative products sold through retail pharmacies in the China market (excluding Hong Kong, Macau and Taiwan) calculated based on retail sales value.  
Source: China Southern Medicine Economy Research Institute, 2013

# Besunyen Slimming Tea: Established No.1 Market Leadership

Besunyen's leading position in slimming product market<sup>(1)</sup>



Besunyen's market share in slimming product market<sup>(1)</sup>



Note: (1) Slimming products sold through retail pharmacies in the China market (excluding Hong Kong, Macau and Taiwan) calculated based on retail sales value.  
Source: China Southern Medicine Economy Research Institute, 2013