碧 生 源 控 股 有 限 公 司

BESUNYEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 926)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Operation Results of the Group

The revenue of the Group in the first half of 2013 was RMB251.8 million, representing a decrease of 22.6% as compared with the revenue of RMB325.2 million for the same period in 2012.

Gross profit decreased from RMB279.5 million to RMB216.8 million, down 22.4%. The gross profit margin increased from 86.0% in the first half of 2012 to 86.1% in the same period of 2013.

Total operating expenses (include selling and marketing expenses, administrative expenses, research and development costs) of the Group in the first half of 2013 were RMB225.8 million, representing an decrease of 45.7% as compared with RMB415.7 million in the same period of 2012.

Loss on disposal of a subsidiary was nil in the first half of 2013 (for the same period of 2012: RMB6.7 million), in addition, there was no impairment loss recognised in the first half of 2013 (for the same period of 2012: RMB20.3 million) in respect of property, plant and equipment.

The Group recorded a net loss of RMB4.6 million in the first half of 2013 as compared to the net loss of RMB167.6 million in the same period of 2012.

The basic and diluted loss per share were RMB0.30 cent and RMB0.30 cent respectively (for the same period of 2012: the basic and diluted loss per share were RMB10.42 cents and RMB10.42 cents respectively).

Interim Dividends

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013 (for the same period of 2012: Nil).

The board (the "Board") of directors (the "Directors") of Besunyen Holdings Company Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**251,802**	325,157
Cost of sales		**(35,003)**	(45,619)
Gross profit		**216,799**	279,538
Other income		**14,300**	8,508
Other (loss) gain		**(261)**	265
Selling and marketing expenses		**(165,834)**	(355,109)
Administrative expenses		**(55,095)**	(53,319)
Research and development costs		**(4,833)**	(7,263)
Other expenses		**(5,446)**	—
Loss on disposal of a subsidiary	6	**—**	(6,700)
Impairment loss recognised in respect of property, plant and equipment	9	**—**	(20,256)
Loss before tax		**(370)**	(154,336)
Income tax expense	4	**(4,206)**	(13,218)
Loss and total comprehensive expense for the period	5	**(4,576)**	(167,554)
Loss per share			
Basic (RMB)	8	**(0.30) cent**	(10.42) cents
Diluted (RMB)	8	**(0.30) cent**	(10.42) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**427,230**	473,531
Prepaid lease payments		**60,879**	61,554
Investment properties	10	**330,128**	267,393
Intangible assets		**4,733**	5,027
Non-current deposits		**2,981**	11,094
Deferred tax assets		**14,067**	15,237
Deferred expenditure		**3,046**	—
		843,064	833,836
CURRENT ASSETS			
Inventories		**13,413**	8,108
Trade and bills receivables	11	**9,224**	49,882
Deposits, prepayments and other receivables	12	**75,735**	47,553
Short term investments		**3,500**	—
Pledged bank deposits		**27,505**	—
Term deposits with initial term of over three months		**100,000**	—
Bank balances and cash		**385,318**	447,478
		614,695	553,021
CURRENT LIABILITIES			
Trade and bills payables	13	**32,175**	2,750
Other payables and accrued expenses	14	**166,745**	127,402
Tax payable		**6,149**	5,614
		205,069	135,766
NET CURRENT ASSETS		**409,626**	417,255
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,252,690**	1,251,091
CAPITAL AND RESERVES			
Share capital		**89**	89
Reserves		**1,235,162**	1,235,421
		1,235,251	1,235,510
NON-CURRENT LIABILITIES			
Deferred government grant		**7,506**	7,898
Deferred tax liabilities		**6,422**	6,422
Other non-current liabilities		**3,511**	1,261
		17,439	15,581
		1,252,690	1,251,091

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"):

IFRS 10	*Consolidated Financial Statements;*
IFRS 11	*Joint Arrangements;*
IFRS 12	*Disclosure of Interests in Other Entities;*
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;*
IFRS 13	*Fair Value Measurement;*
IAS 19 (as revised in 2011)	*Employee Benefits;*
IAS 27 (as revised in 2011)	*Separate Financial Statements;*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures;*
Amendments to IFRS 7	*Disclosures — offsetting Financial Assets and Financial Liabilities;*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income;*
Amendments to IFRSs	*Annual Improvements to IFRSs 2009–2011 Cycle; and*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine.*

Pursuant to the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*, the title of "condensed consolidated statement of comprehensive income" is changed to "condensed consolidated statement of profit and loss and other comprehensive income". The application of other new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

In addition, the Group has applied, for the first time in the current interim period, the following accounting policy.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale investments are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in equity is reclassified to profit or loss.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the invoiced value of therapeutic tea products sold to customers by the Group less returns, discounts, rebates, and sales related tax.

The Group operates and manages its business as a single segment that includes primarily the manufacture and sales of therapeutic tea products. The Group's chief operating decision maker has been identified as the Company's Chairman and Chief Executive Officer, who reviews the revenue analysis by major products of the Group when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial information is available for the assessment of performance of different products, no segment information is presented in these condensed consolidated financial statements.

The revenues attributable to the Group's major products are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Detox tea	**117,661**	116,988
Slimming tea	**130,813**	196,632
Other tea products	**3,328**	11,537
	251,802	325,157

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
The charge comprises		
Current tax:		
PRC income tax	**9,210**	10,278
Over provision in prior year:		
PRC income tax	**(6,174)**	(1,184)
	3,036	9,094
Deferred tax:		
Current period	**1,170**	4,124
	4,206	13,218

During the current interim period, Beijing Outsell, a subsidiary of the Group obtained the approval from the tax bureau in respect of the application of the preferential tax rate at 15% which applies to High and New Technology Enterprise from 2012 to 2013. The over provision in the current interim period mainly resulted from the reduction in the applicable tax rate from 25% to 15% of Beijing Outsell for 2012.

5. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Loss for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
— salaries and other allowances	**67,806**	77,497
— share-based compensation	**4,317**	3,230
— retirement benefit scheme contributions	**4,673**	4,654
Total staff costs	**76,796**	85,381
Gross rental income from investment properties	**(8,212)**	—
Less:		
Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the period	**5,099**	—
Direct operating expense (including depreciation) incurred for investment properties that did not generate rental income during the period	**347**	—
	(2,766)	—
Amortisation of intangible assets (included in cost of sales)	**301**	1,711
Auditors' remuneration	**2,008**	1,937
Allowance for doubtful debts	**663**	95
Cost of inventories recognised as expense (include write-down of inventories amounted to RMB1,326,000 (six months ended 30 June 2012: RMB1,499,000))	**35,003**	45,619
Depreciation of property, plant and equipment	**15,412**	17,196
Depreciation of investment properties	**4,706**	—
Loss (gain) on disposal of property, plant and equipment	**18**	(272)
Government grants	**(2,416)**	(3,903)
Investment income from short term investments	**(2,913)**	—
Interest income	**(759)**	(4,251)
Foreign exchange loss (gain)	**506**	(261)
Release of prepaid lease payments	**675**	681

6. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2012, the Group entered into a sale agreement to dispose of its entire equity interest in Zhuhai Qi Jia Medicine Industry Co., Ltd. ("Zhuhai Qi Jia"), a PRC company which is engaged in the manufacture and sale of therapeutic tea products in the PRC. The disposal was completed on 28 June 2012, on which date the Group lost control of Zhuhai Qi Jia. A loss amounting to RMB6,700,000 was recognised upon the completion of the disposal.

7. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

No final dividend was proposed or paid for the year ended 31 December 2012.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Loss attributable to owners of the Company:		
Loss for the purpose of calculating basic and diluted loss per share	**(4,576)**	(167,554)

	Six months ended 30 June	
	2013	2012
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,518,243**	1,607,918

The computation of diluted loss per share for both the periods ended 30 June 2012 and 2013 does not assume the exercise of the Company's outstanding share options as it would result in a decrease in loss per share.

The computation of diluted loss per share for the six months ended 30 June 2013 does not consider the effect of non-vested shares under the employee share award scheme as it would result in a decrease in loss per share.

The weighted average number of ordinary shares shown above has been arrived at after adjusting the effect of shares repurchased by the Company and the shares held by the Company's restricted share award scheme under the Trust for the both periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment amounting to RMB36,594,000 (six months ended 30 June 2012: RMB127,638,000), including an amount of RMB8,472,000 (six months ended 30 June 2012: RMB108,019,000) transferred from non-current deposit paid.

During the current interim period, the Group also disposed of certain property, plant and equipment with an aggregate carrying amount of RMB42,000 (six months ended 30 June 2012: RMB3,524,000). In addition, the Group transferred owner-occupied properties with a carrying amount of RMB67,441,000 (six months ended 30 June 2012: RMB36,218,000) from property, plant and equipment to investment properties upon end of owner-occupation.

During the current interim period, the directors of the Company conducted a review of the cash-generating units including property, plant and equipment and certain intangible assets, and no impairment loss has been recognised (six months ended 30 June 2012: RMB20,256,000). The recoverable amounts of the cash-generating units have been determined based on higher of its fair value less costs to sell and value in use.

At 30 June 2013, the Group was in the process of obtaining property certificates of the leasehold land and buildings with a carrying amount approximate to RMB69,838,000 (31 December 2012: RMB91,126,000) which is located in the PRC.

10. INVESTMENT PROPERTIES

During the current interim period, the Group transferred certain properties with a carrying amount of RMB67,441,000 (six months ended 30 June 2012: RMB36,218,000) from property, plant and equipment to investment properties.

The investment properties are measured using the cost model and depreciated on a straight-line basis over 30 years. The Group's investment properties are situated on land in the PRC held by the Group under medium-term leases.

At 30 June 2013, the Group is in the process of obtaining a property certificate of the leasehold land and building with a carrying amount approximate to RMB256,380,000 (31 December 2012: RMB231,757,000) which is located in the PRC.

11. TRADE AND BILLS RECEIVABLES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Trade receivables	**8,337**	15,317
Bills receivables	**1,817**	34,832
Less: allowance for doubtful debts	**(930)**	(267)
	9,224	49,882

The Group allows a credit period of 60–180 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the date of delivery of goods, which approximated the respective revenue recognition dates.

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
0 to 90 days	**7,397**	47,759
91 to 180 days	**902**	1,858
181 to 365 days	**925**	265
	9,224	49,882

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer internally. Limits and scoring attributed to customers are reviewed every year.

Included in the Group's trade and bills receivables are debtors with an aggregate carrying amount of approximately RMB925,000 (2012: RMB265,000) which are past due at 30 June 2013, for which the Group has not provided for an impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired is as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
181 to 365 days	**925**	265

The Group anticipates a full recovery of these amounts, and therefore no impairment has been recorded against these receivables.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Prepaid advertising	**49,920**	19,022
Other receivables	**9,812**	5,647
Other prepayments	**9,592**	14,523
Prepayment to suppliers	**5,059**	7,009
Prepaid lease payments	**1,352**	1,352
	75,735	47,553

13. TRADE AND BILLS PAYABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade payables	**4,670**	2,750
Trade bills payables	**19,633**	—
Bills payables for purchase of property, plant and equipment	**7,872**	—
	32,175	2,750

The credit period granted by suppliers is 60-90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
0 to 90 days	**4,143**	2,570
91 to 180 days	**527**	180
	4,670	2,750

The following is an aging analysis of trade bills payables presented based on issuance date at the end of the reporting period:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
0 to 90 days	**19,633**	—

14. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Prepayments from customers	**58,357**	45,773
Other tax payables	**19,491**	16,817
Accrued expenses	**18,376**	12,785
Accrued sales rebate	**16,988**	19,288
Payable for advertising expenses	**16,734**	4,160
Accrued payroll	**15,868**	17,955
Other payables	**12,146**	4,838
Payable for land use right	**5,000**	5,000
Provision for sales return	**2,999**	—
Deferred government grant	**786**	786
	166,745	127,402

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2013, China's GDP grew 7.6% — lower than the 7.8% year-on-year seen in the same period of 2012. China's National Bureau of Statistics attributed the slower growth mostly to lower potential productivity in Mainland China and complex global economic conditions. Furthermore, China's stimulus measures since 2008 have only intensified structural economic problems by bolstering investment in infrastructure and industrial sectors while delaying the much-needed transition to a more consumption-based economy. The cash crunch in June 2013 not only sent a message to banks that they should be more cautious in their lending, but also displayed the strong will by China's government to curb credit and rebalance the economic structure.

Given the challenging economic environment described above, the Group faced a slow recovery in demand for its products from distributors after the reduction in demand in the second half of 2011. Group revenue in the first half of 2013 was RMB251.8 million, representing a decrease of 22.6% as compared with RMB325.2 million for the same period in 2012. Gross profit decreased from RMB279.5 million to RMB216.8 million, down 22.4%. The gross profit margin increased from 86.0% in the first half of 2012 to 86.1% in the same period of 2013. On the other hand, total operating expenses (including selling and marketing expenses, administrative expenses and R&D costs) of the Group in the first half of 2013 were RMB225.8 million, representing a decrease of 45.7% as compared with RMB415.7 million in the same period of 2012. Loss on disposal of a subsidiary was nil in the first half of 2013 (for the same period of 2012: RMB6.7 million). In addition, there was no impairment loss recognised in the first half of 2013 (for the same period of 2012: RMB20.3 million) with respect to property, plants and equipment. Due to these factors, the Group recorded a net loss of RMB4.6 million in the first half of 2013 as compared to a net loss of RMB167.6 million in the same period of 2012.

BUSINESS REVIEW

During the first half of 2013, the following business developments occurred:

Restructured sales team, broadened market

The Group has developed its sales network with full coverage in all provinces, autonomous regions and centrally administered municipalities in Mainland China. In the first half of 2013, the Group took initiatives to restructure its sales organization across China, raising its work efficiency through a more streamlined sales management team. According to different market characteristics, the Group boosted the efficiency of its distribution system by selecting distributors with well-developed sales networks and good distribution capacity, and also removed under-performing distributors from our list. The Group also paid close attention to retailing excellence through strong execution, and chose higher quality retailers. Meanwhile, to broaden our market reach, the Group newly launched a "12315" project, focusing efforts on end-consumers, distributors, retailers and sales staff, all in an effort to increase our footprint into selected university campuses, communities, counties and townships, fairs and small shops. As a result, the total number of distributors dropped from 384 as at 31 December 2012 to 309 as at 30 June 2013. The number of retail outlets covered by our distributors decreased moderately to approximately 126,000 as at 30 June 2013 (including around 118,000 retail pharmacies and some 8,000 supermarkets, hypermarkets and chain stores), compared with approximately 131,000 retail outlets as at 31 December 2012.

Continuous development of e-commerce business

The Group has strategically developed the e-commerce business as a new sales and distribution channel to complement the existing retail sales network. The online platform not only sells the Group's core products which are seeing healthy demand in physical stores, but also sells newly-launched products and those products specially designed for online shoppers. The most popular products are Slimming Tea, Detox Tea and our VS series. The Group has cultivated a large group of loyal e-commerce customers in different geographical regions.

The Group has well established its B2C and B2B platforms on its self-owned website 7cha.com and other websites like Tmall.com, 360buy.com, Dangdang.com, Amazon.cn, yihaodian.com (一號店) and Lefeng.com (樂蜂網), etc. Sales revenue generated from Tmall.com increased by over 25% for the six months ended 30 June 2013 as compared to the same period of 2012.

Apart from these initiatives, on-line marketing campaigns in collaboration with traditional media have helped build up brand awareness among young shoppers.

The Group has been marketing and selling a new series of teabag beverages called "floral tea" and "herbal tea" through its e-commerce platform as one of the key sales channels to introduce new products to our existing customers. We have collected first-hand feedback from end-customers and provided crucial advice to our product development department.

Rationalized marketing expenses, emphasized seasonal promotions

For long-term brand building, the Group continued to adopt multi-channel marketing and communication programs. To appeal to varying demographics, the Group carried out its "Three Screens" program utilizing advertising platforms on TV, the internet and public transportation. We have proportionally increased the spending on internet advertising and marketing to reach out to the younger generation, especially in those cities with high TV advertisings costs. The Group has put less resources into satellite TV. Since January 2013, the Group has sponsored "King Wang" (大王小王) on Hubei Satellite TV. The Group has put a high priority on media resources in its major markets like Guangdong, Jiangsu and Zhejiang, etc.

Seasonal promotions are a key strategy for the Group. Since the second quarter represents the peak season for Slimming Tea, new advertisements have been released accordingly to raise brand awareness across different media outlets.

This is the fourth consecutive year for the Group to sponsor the University Advertisement Art Show-Academy Award (大學生廣告藝術節學院獎) and we collected over 100,000 creative works from college students based on the theme of "Don't ignore it just because its small" (別因為小而忽視它). The Group has set up the Besunyen Public Fund (碧生源緣公益基金) to encourage college students to work for public welfare. The establishment of the Fund indicates Besunyen's commitment to public service and social welfare.

The Group entered the arena of environment protection by participating in large-scale social activities such as "Keep the Earth Blue, Carbon Low in China" (留住藍色地球之美麗中國低碳行) in June 2013. As one of the volunteers, Mr. Zhao Yi Hong, Chairman of the Group, expressed both his wish and sense of responsibility to help maintain a greener earth and bluer seas — aims pursued by the Group for years.

Expanded footprint in teabag beverage market

Compared with traditional health foods, food and beverage products enjoy a more substantial consumer group and higher frequency consumption. In addition, there are only a limited number of branded teabag beverage products in the market. Leveraging on its leading brand position in the therapeutic tea market and its innovative capabilities, the Group launched two new teabag products in June 2012 — the Chinese herbal tea series and the floral tea series.

Besunyen's Chinese herbal tea series is a delicious and healthy teabag drink with therapeutic functions, using only the best tea leaves, resulting in a perfect blend of natural herbal benefits along with the wisdom of Chinese medicine. The Chinese herbal tea series has three flavors — lemon and ginger tea, ginger tea, chrysanthemum and goji tea. All are packaged in 12 bags or 20 bags per box. Besunyen's floral tea series boasts a perfect blend of choice tea leaves with quality petals. The series has two flavors — rose black tea and royal chrysanthemum green tea, packaged in 20 bags or 25 bags per box. Both our herbal teas and floral teas have specially-designed packages for the e-commerce business.

By June 2013, our products have further extended their footprint on major online sales platforms and into around 1,500 retail stores across East China. In addition, the products are available on shelves in chain supermarkets and stores such as Walmart and Watsons across the country. Collaborating with sales via e-commerce platforms, in-store promotion programs also drive add-on sales.

Product development pipeline

— Maishuping

The planned launch of Maishuping, an OTC medicine teabag which helps stabilize blood pressure, is on track. Maishuping has obtained necessary approvals from the China Food and Drug Administration ("CFDA" 國家食品藥品監督管理總局) in November 2011. Clinical trials were undertaken in four large hospitals in China and showed that the overall efficacy rate on blood pressure control reached 96% among 300 people who took the product. In February 2013, the Group acquired a GMP certificate from the CFDA for Maishuping's teabag production. The Group has been refining the production process for Maishuping in order to realign with the higher standards set by the CFDA. Positioning and marketing strategies of Maishuping have been well in place.

— Other products

A product designed to alleviate fatigue and assist in improving memory function has already passed all tests as well as evaluation by the CFDA and is awaiting certificate issuance.

Another product aimed at improving skin tone and repairing ageing skin has also passed all relevant tests for safety, efficacy and quality reliability set by the CFDA, and application will be submitted to the CFDA for mass production and sale soon.

Furthermore, the development of new products to benefit throat comfort and function, vision and digestion are well underway.

FINANCIAL REVIEW

Review of Interim Results for 2013

The following table sets forth the interim results of the Group for the six months ended 30 June as indicated:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue	**251,802**	325,157
Cost of sales	**(35,003)**	(45,619)
Gross profit	**216,799**	279,538
Other income	**14,300**	8,508
Other (loss) gain	**(261)**	265
Selling and marketing expenses	**(165,834)**	(355,109)
Administrative expenses	**(55,095)**	(53,319)
Research and development costs	**(4,833)**	(7,263)
Other expenses	**(5,446)**	—
Loss on disposal of a subsidiary	**—**	(6,700)
Impairment loss recognised in respect of property, plant and equipment	**—**	(20,256)
Loss before tax	**(370)**	(154,336)
Income tax expense	**(4,206)**	(13,218)
Loss and total comprehensive expense for the period	**(4,576)**	(167,554)
Loss per share		
Basic (RMB)	**(0.30) cent**	(10.42) cents
Diluted (RMB)	**(0.30) cent**	(10.42) cents

Revenue

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Revenue:				
Besunyen detox tea	**117,661**	**46.7%**	116,988	36.0%
Besunyen slimming tea	**130,813**	**52.0%**	196,632	60.5%
Other products	**3,328**	**1.3%**	11,537	3.5%
Total	**251,802**	**100.0%**	325,157	100.0%

The revenue of the Group decreased by 22.6% from RMB325.2 million in the first half of 2012 to RMB251.8 million in the first half of 2013. However, revenue of the Group in the first half of 2013 increased 67.8% sequentially if compared with revenue of RMB150.0 million in the second half of 2012.

The revenue of Besunyen Detox Tea increased by 0.6% from RMB117.0 million in the first half of 2012 to RMB117.7 million in the first half of 2013, and sales volume increased from 80.6 million tea bags to 81.7 million tea bags. The revenue of Besunyen Slimming Tea decreased by 33.5%, from RMB196.6 million in the first half of 2012 to RMB130.8 million in the first half of 2013, and sales volume decreased from 186.8 million tea bags to 117.7 million tea bags.

During the period under review, the average selling price ("ASP") of Besunyen Detox Tea and Besunyen Slimming Tea (revenue divided by sales volume) were RMB1.44 per bag and RMB1.11 per bag respectively (compared to RMB1.45 per bag and RMB1.05 per bag respectively in the first half of 2012). The ASP of Besunyen Detox Tea decreased by 0.7%, however the ASP of Besunyen Slimming Tea increased by 5.7%. The changes of ASP of Besunyen Detox Tea and Besunyen Slimming Tea were relatively small and mainly due to the changes of revenue contribution from different product packages.

Cost of Sales and Gross Profit

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Cost of sales	**35,003**	**13.9%**	45,619	14.0%
Gross profit	**216,799**	**86.1%**	279,538	86.0%

The cost of sales of the Group decreased by 23.3%, from RMB45.6 million in the first half of 2012 to RMB35.0 million for the same period of 2013. The cost of sales as a percentage of revenue decreased from 14.0% in the first half of 2012 to 13.9% for the same period of 2013.

As a result of the decrease in revenue by 22.6% and decrease in cost of sales by 23.3% in the first half of 2013 compared to the same period of 2012, the gross profit of the Group decreased 22.4% from RMB279.5 million in the first half of 2012 to RMB216.8 million in the same period of 2013. Overall gross profit margin remained fairly stable with slight increase from 86.0% in the first half of 2012 to 86.1% for the same period of 2013.

Selling and Marketing Expenses

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Advertising expenses	**68,525**	**27.2%**	232,399	71.5%
Other marketing and promotional expenses	**20,198**	**8.0%**	42,910	13.2%
Staff costs	**45,457**	**18.1%**	56,245	17.3%
Others	**31,654**	**12.6%**	23,555	7.2%
Total	**165,834**	**65.9%**	355,109	109.2%

The selling and marketing expenses of the Group decreased 53.3% from RMB355.1 million in the first half of 2012 to RMB165.8 million in the same period of 2013. Advertising expenses, other marketing and promotional expenses and staff costs decreased by 70.5%, 52.9% and 19.2% respectively in the first half of 2013 as compared with the same period of 2012.

As a result of the 22.6% decrease in revenue and 53.3% decrease in total selling and marketing expenses in the first half of 2013 compared with the same period of 2012, the selling and marketing expenses as a percentage of revenue decreased substantially from 109.2% in the first half of 2012 to 65.9% for the same period of 2013.

The Company intended to enhance the efficiency and effectiveness of its sales operation and marketing activities in the first half of 2013. The decrease in advertising expenses was mainly due to more cautious spending on television and other commercials as well as brand sponsorship activities during the first half of 2013. The decrease in other marketing and promotional expenses (including point-of-sale terminals expenses, promotional expenses and expenses on gifts, etc.) was mainly attributable to more focused sales activities in point-of-sale terminals conducted by the Group. The decrease in staff costs in relation to selling and marketing of the Group was mainly attributable to the enhancement of sales team.

Administrative Expenses

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Staff costs	**23,280**	**9.3%**	22,329	6.9%
Office expenses	**14,104**	**5.6%**	9,604	2.9%
Professional fees	**10,596**	**4.2%**	11,410	3.5%
Travel and entertainment expenses	**2,814**	**1.1%**	3,797	1.2%
Others	**4,301**	**1.7%**	6,179	1.9%
Total	**55,095**	**21.9%**	53,319	16.4%

The administrative expenses of the Group increased 3.3% from RMB53.3 million in the first half of 2012 to RMB55.1 million in the same period of 2013. The administrative expenses as a percentage of revenue increased from 16.4% in the first half of 2012 to 21.9% for the same period of 2013 mainly due to the 22.6% decrease in revenue.

Research and Development Costs

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Research and development costs	**4,833**	**1.9%**	7,263	2.2%

The Group's research and development costs decreased by 33.5% from RMB7.3 million in the first half of 2012 to RMB4.8 million in the same period of 2013. The research and development costs as a percentage of revenue remained relatively stable in both periods.

Loss on Disposal of a Subsidiary

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Loss on disposal of a subsidiary	**—**	**—**	6,700	2.1%

In the first half of 2012, the Group entered into a sale agreement to dispose of its 100% equity interest in Zhuhai Qi Jia, after transfer of the intellectual properties of Maishuping from Zhuhai Qi Jia to the Group. The disposal was completed on 28 June 2012, on which date the Group lost control of Zhuhai Qi Jia. Total loss on disposal of Zhuhai Qi Jia recognised in the first half of 2012 was RMB6.7 million.

Impairment Loss Recognised in Respect of Property, Plant and Equipment

	For the six months ended 30 June			
	2013		2012	
	RMB'000	***Percentage of revenue***	*RMB'000*	*Percentage of revenue*
Impairment loss recognised in respect of property, plant and equipment	—	—	20,256	6.2%

The Group tests fixed assets annually for impairment or more frequently if there are indications that fixed assets might be impaired. During the first half of 2013, no impairment loss had been recognised in respect of property, plant and equipment (for the same period of 2012: RMB20.3 million).

Income Tax Expense

Taxation expenses of the Group decreased from RMB13.2 million in the first half of 2012 to RMB4.2 million in the same period of 2013. This was mainly due to over provision of PRC income tax in prior year and deferred tax adjustments.

Loss and Total Comprehensive Expense

Due to the aforementioned factors, the loss and total comprehensive expense of the Group decreased from loss of RMB167.6 million in the first half of 2012 to loss of RMB4.6 million in the same period of 2013.

Use of the Net Proceeds from the IPO

The net proceeds from the initial public offering ("IPO") amounted to RMB1,033.2 million. The use of proceeds has been consistent with the disclosure in the Prospectus, and the respective use of the net proceeds until 30 June 2013 is as follows:

	Net Amount from IPO		
	Available	**Used**	**Unused**
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of new production equipment and building new production facilities	364,913	204,903	160,010
Setup of the East China Headquarters	150,000	77,518	72,482
Beijing new office building	123,664	123,664	—
Extension of sales and distribution network, channels and brand building	73,092	73,092	—
Design, R&D of new products	146,185	49,952	96,233
Improvement of ERP and overall IT system	43,855	6,852	37,003
Loan repayment	73,000	73,000	—
Working capital	58,474	58,474	—
Total	1,033,183	667,455	365,728

Cash Flow and Capital Resources

During the first half of 2013, funds and capital expenditure required in the operation of the Group mainly came from cash flow generated from its internal operations as well as the proceeds from the IPO in 2010.

Cash Flow

The following table summarizes net cash flow of the Group for the six months ended 30 June as indicated:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Net cash from operating activities	**87,030**	28,394
Net cash used in investing activities	**(148,684)**	(25,893)
Net cash used in financing activities	**—**	(97,297)
Net decrease in cash and cash equivalents (before effect of foreign exchange rate changes)	**(61,654)**	(94,796)
Effect of foreign exchange rate changes	**(506)**	261
Net decrease in cash and cash equivalents (after effect of foreign exchange rate changes)	**(62,160)**	(94,535)

In the first half of 2013, net cash generated from operating activities of the Group was RMB87.0 million (for the same period of 2012: RMB28.4 million), and net loss was RMB4.6 million. The difference was mainly caused by a decrease in trade receivables and notes receivables amounting to RMB40.0 million, increase in trade payables and trade bills payables amounting to RMB21.6 million, and increase in other payables and accrued expenses amounting to RMB39.3 million, but offsetting by increase in deposits, prepayments and other receivables amounting to RMB28.2 million. Net cash used in investing activities of the Group was RMB148.7 million (for the same period of 2012: RMB25.9 million), it was mainly due to purchases of production and other equipment, construction expenses for plants and properties and placement of term deposits with initial term of over three months and pledged bank deposits. Net cash used in financing activities of the Group was nil (for the same period of 2012: RMB97.3 million).

Cash and Bank Loans

As at 30 June 2013, the bank balance and cash totalled RMB385.3 million (as at 31 December 2012: RMB447.5 million), representing a decrease of RMB62.2 million as compared to 31 December 2012. Over 93.9% of the bank balance and cash of the Group was in Renminbi. In addition, as of 30 June 2013, the Group did not have any bank borrowings (as of 31 December 2012: nil) and any unused bank credit lines (as of 31 December 2012: nil).

Capital Expenditure

In the first half of 2013, capital expenditure of the Group was RMB20.6 million (for the same period of 2012: RMB30.8 million).

The following table sets forth capital expenditure of the Group for the six months ended 30 June as indicated:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Land-use rights	—	1,210
Property, plant and equipment and investment properties	**20,250**	29,547
Intangible assets	**366**	42
Total	**20,616**	30,799

Investment properties

The following table sets forth the details of our investment properties as of the dates indicated:

	As of	
	30 June	31 December
	2013	2012
	RMB'000	*RMB'000*
Investment properties	**330,128**	267,393

The Group owns certain office premises at Linglong Tiandi Center located in Haidian District, Beijing and Changcheng Building located in Shanghai. The Group will not fully use up all of the office space at these properties and has decided to lease the unused office space to independent third parties until the Group needs to take up the remaining office space as its operations expand in the future. The properties held for lease are classified as investment properties.

The Group reduced some of its self-used office space and increased leasing area in the first half of 2013, thus, the carrying amount of investment properties increased from RMB267.4 million as at 31 December 2012 to RMB330.1 million as at 30 June 2013. These investment properties are measured using the cost model and depreciated on a straight-line basis over 30 years. As at 30 June 2013, the Group had estimated the fair value of the investment properties based on a valuation carried out by an independent valuer not connected with the Group and determined that the fair values were higher than the carrying values of these investment properties. As such, no impairment is considered required.

Inventories

The Group's inventories included raw materials and packaging materials, work in progress (semi-finished products), and finished goods. The following table sets forth our inventory analysis as of the dates indicated:

	As of	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Raw materials and packaging materials	**4,387**	4,205
Work in progress	**1,152**	784
Finished goods	**7,874**	3,119
Total	**13,413**	8,108

The inventory turnover days of the Group in the first half of 2013 (calculated by dividing the average amount of inventory balances at the beginning and the end of the period by the cost of sales of the period, then multiplying the number of days during the period) was 55 days (For the year ended 31 December 2012: 36 days), the increase was mainly due to the increase in finished goods. The Group actively monitors its inventory level to ensure that the inventory volumes of raw materials, work in progress and finished goods remain at a reasonable and sufficient level. Throughout the distribution and retail process, the Group monitors and evaluates the sales performance and product trends, so as to better estimate inventory requirements.

Trade and Bills Receivables

The Group generally requests distributors to pay before the delivery of products. For certain major distributors having a long-term cooperation relationship with the Group, the Group may allow more favourable payment and settlement terms. For example, if these distributors provide an effective proof of payment, such as acceptance bills issued by a reliable bank. Although such acceptance bills are listed as notes receivables before its maturity date or before the Group has transferred them to a third party, the Group deems such acceptance bills as low risk and regards the payment as settled, the Group would deliver the products. The Group usually provides a credit period of 60 days or a maximum of six months to a limited number of distributors. These are mainly reliable and reputable distributors providing wholesale services to supermarkets and convenience store chains (general industry practice allows credit sales). For distributors not enjoying a credit period in the sales contract, they may apply for credit on an individual basis, and the Group would grant approval on a case by case basis considering marketing development needs, payment capabilities of the distributors and their past payment records.

The following table sets forth the Group's trade and bills receivables analysis as of the dates indicated:

	As of 30 June 2013 RMB'000	As of 31 December 2012 RMB'000
Trade receivables	**8,337**	15,317
Bills receivables[1]	**1,817**	34,832
Less: allowance for doubtful debts	**(930)**	(267)
Total	**9,224**	49,882

[1] As at 30 June 2013, the Group received advance payments from distributors amounting to RMB0.6 million (as at 31 December 2012: RMB13.3 million), in the form of acceptance bills and therefore included in the balance of bills receivables.

The following table sets forth the turnover days analysis of trade and bills receivables of the Group during the periods indicated (calculated by dividing the average amount of balances at the beginning and the end of the period by the revenue of the period, then multiplying the number of days during the period):

	For the six months ended 30 June 2013 *days*	For the year ended 31 December 2012 *days*
Trade and bills receivables turnover days[1]	**16**	94
of which, trade receivables turnover days	**8**	13

[1] Since the advance payment from distributors amounting to RMB0.6 million and RMB13.3 million in the form of bills receivables as of 30 June 2013 and 31 December 2012 will be recognised as revenue only when the products are made and shipped to the distributors, the amounts were deducted from the balances of bills receivables in calculation of the turnover days.

Trade and bills receivables turnover days of the Group decreased significantly from 94 days for the year ended 31 December 2012 to 16 days in the first half of 2013. Amount of bills receivables of the Group decreased by RMB33.0 million from RMB34.8 million as of 31 December 2012 to RMB1.8 million as of 30 June 2013. In the meantime, the Group adopted a more prudent credit policy and the trade receivables turnover days decreased from 13 days for the year ended 31 December 2012 to 8 days for the first half of 2013.

The following table summarizes the aging of the Group's trade and bills receivables as of the dates indicated:

	As of 30 June 2013 *RMB'000*	As of 31 December 2012 *RMB'000*
0–90 days	**7,397**	47,759
91–180 days	**902**	1,858
181–365 days	**925**	265
Total	**9,224**	49,882

Included in the Group's trade and bills receivables are debtors with an aggregate carrying amount of approximately RMB925,000 (2012: RMB265,000) which are over 180 days as of 30 June 2013, for which the Group has not provided for an impairment loss. The Group does not hold any collateral over these balances. The Group anticipates a full collection of these amounts, and therefore no impairment has been recorded against these receivables.

Trade and Bills Payables

The Group's trade and bills payables mainly comprise payables to the suppliers of raw materials and packaging materials. Based on the long-term relationships with major suppliers of the Group, the Group generally enjoys favourable credit terms of up to 90 days.

The following table sets forth the Group's trade and bills payables as of the dates indicated:

	As of 30 June 2013 *RMB'000*	As of 31 December 2012 *RMB'000*
Trade payables	**4,670**	2,750
Trade bills payables	**19,633**	—
Bills payable for purchase of property, plant and equipment	**7,872**	—
Total	**32,175**	2,750

The following table sets forth the turnover days of trade payables and trade bills payables of the Group during the periods indicated (calculated by dividing the average amount of the trade payables and trade bills payables balance at the beginning and end of the period by the cost of sales of the period, then multiplying the number of days during the period):

	For the six months ended 30 June 2013 *days*	For the year ended 31 December 2012 *days*
Trade payables and trade bills payables turnover days	**70**	22

The following table summarizes the aging of the Group's trade payables and trade bills payables as of the dates indicated:

	As of	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
0–90 days	**23,776**	2,570
91–180 days	**527**	180
Total	**24,303**	2,750

Risks in Foreign Exchange

The majority of sales income, costs and expenses of sales, as well as administrative expenses of the Group are calculated in Renminbi. Apart from some bank deposits that are held in Hong Kong dollar and US dollar, most assets and liabilities of the Group are valued in Renminbi. Since Renminbi is the functional currency of the Group, risks in foreign exchange mainly come from assets valued in Hong Kong dollar and US dollar.

For the six months ended 30 June 2013, the Group did not purchase any foreign exchange, interest rate derivative products or relevant hedging tools (for the same period of 2012: nil).

Pledge of Assets

As of 30 June 2013, the Group had pledged bank deposits of RMB27.5 million (31 December 2012: nil).

Contingent Liabilities and Guarantees

As of 30 June 2013, the Group had no material contingent liabilities or guarantees (31 December 2012: nil).

Off-Balance Sheet Commitments and Arrangements

As of 30 June 2013, the Group had no off-balance sheet commitments or arrangements (31 December 2012: nil).

Capital Commitment

As of 30 June 2013, the Group had a total capital commitment of RMB14.0 million (31 December 2012: RMB32.5 million), mainly used in building new manufacturing facilitates, acquiring manufacturing and other equipment.

Human Resources Management

The Group regards high quality employees as the most important resources. As at 30 June 2013, the Group had 1,439 employees in mainland China and Hong Kong (including 270 promotional staff members employed by employment agencies) (as of 31 December 2012: 2,085 employees (including 384 promotional staff members employed by employment agencies)). For the six months ended 30 June 2013, the total labour cost (including Directors' remunerations and non-cash share-based compensation) was approximately RMB76.8 million (for the same period of 2012: RMB85.4 million).

Staff remuneration is formulated with reference to individual performance, working experience, qualifications and current industry practice. Apart from basic salary and statutory pension welfare, staff welfare also includes discretionary bonus and stock options.

Directors and some of the senior and middle management executives enjoy share options based on a Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted by the Company. The employee's share options scheme aims at giving staff members an incentive, to encourage them to work hard to enhance value and foster better long-term development of the Group. In November 2011, the Company also adopted a restricted share award scheme (the "Restricted Share Award Scheme") to grant restricted shares to eligible employees.

The Group invests sufficient efforts into continuous education and training for its staff members, so as to keep enhancing staff knowledge and skills, and to promote the spirit of teamwork. The Group often provides internal and external training courses to relevant staff based on various needs.

Prospect

Chinese policymakers recently announced they would no longer simply use GDP as the primary criterion for evaluating the country's economic performance, but would aim to shift the PRC economy to a more sustainable growth model based on a basket of performance indicators correlated with quality and innovation. A series of measures to stimulate domestic demand and boost consumption at home have been taken, especially those regarding the upgrading of high-tech and tertiary industries. The overall message is that China will enter into a slower but more sustainable growth phase. The business environment will still be challenging and we remain cautious on the Group's performance in the second half of 2013.

The China Health Care Association (中國保健協會) held a conference in June 2013 in Beijing to help eliminate four illegal activities within the health food industry. The conference was aimed at implementing a spirit conducive to eradicating said practices, common within the health food industry, which the China Food and Drug Administration (CFDA) brought to everyone's attention. The initiatives offer more room for growth of leading health food enterprises like Besunyen. To maintain our leading position and long-term competitive advantages, we will continue to invest in our sales channels, build our brand and develop new products. Chinese Premier Mr. Li Keqiang has launched policies to accelerate urbanization in order to restructure the Chinese economy into a more consumption-based model. We believe that this long-term trend of rapid urbanization and increasing disposable income in China will escalate consumer demand for health and healthy lifestyle products, in turn offering better long-term market potential for detox and slimming as well as other new products of the Group. The Group will continue its efforts in selling, manufacturing and developing products that combine the modern methods of tea brewing in teabags with the self-cure functionality of traditional Chinese herbs. We believe that our strong national brand recognition and well-established nationwide distribution and sales networks — coupled with our knowledge of the regulatory requirements necessary for the success of health food products — will put us in a unique position to compete with other market players. Our vision is to turn the Besunyen brand into a Chinese household name, promote its function in curing ailments of our customers and instill the enjoyment of a green lifestyle among them.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2013, except with the following deviations:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Zhao Yihong. Mr. Zhao is a co-founder of the Group and has 23 years of experience in China's food and beverage industry. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

Code Provision A.6.7

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Zhuo Fumin, Mr. Huang Jingsheng and Mr. Zhang Fenglou did not attend the annual general meeting (the "2013 AGM") of the Company held on 10 May 2013 due to their other commitments. However, the Board believes that the presence of Mr. Zhao Yihong and Mr. Wong Lap Tat Arthur (an independent non-executive Director) at the 2013 AGM allowed the Board to develop a balanced understanding of the views of shareholders.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Wong Lap Tat Arthur, a Director with the appropriate professional qualifications and serving as the chairman of the Audit Committee, Mr. Huang Jingsheng and Mr. Zhang Fenglou. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2013.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2013.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013 have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and the Audit Committee.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (http://ir.besunyen.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2013 will be dispatched to shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 16 August 2013

As at the date of this announcement, the executive Directors are Mr. Zhao Yihong (Chairman and Chief Executive Officer) and Ms. Gao Yan (Vice Chairman); the non-executive Director is Mr. Zhuo Fumin; and the independent non-executive Directors are Mr. Huang Jingsheng, Mr. Wong Lap Tat Arthur and Mr. Zhang Fenglou.