



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 2010 Corporate Presentation

March 2011



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Agenda



- Results Highlights
- Financial Highlights
- Business Review
- Prospects and Strategies
- Q&A



Results Highlights



Results Highlights

- **Revenue:** RMB 874.2 million with growth rate of 35.2% from 2009
- **Gross margin:** 89.6% with an increase of 0.2% from 2009
- **Profit for the year:** RMB 59.7 million, decreased by 57.9% from 2009
 - Profit mostly influenced by: (1) Non-cash expense of RMB 121.4 million due to fair value adjustment of convertible redeemable preferred shares; (2) IPO expenses of RMB 33.5 million; (3) Non-cash equity compensation of RMB 36.6 million
- **EPS:**
 - Basic: RMB 0.05 (2009: RMB 0.13)
 - Diluted: RMB 0.05 (2009: RMB 0.13)
- The board has suggested **2010 dividend** of HKD 0.01 per share



Results Highlights (cont.)

- Accomplished the expansion of the **distribution network** and **sales channels** to cover all over China
- Consolidated the No.1 position of **Besunyen** in the therapeutic tea market in terms of brand recognition and reputation
- Besunyen detox tea and slimming tea **both achieved No.1 market share in their respective market segments**
- **Mei An Granule** nationwide test was initiated in December 2010, and sales achieved the desired goals
- Company **went public on HKEX** in September 2010, with IPO proceeds of approximately HKD 1.3 billion



Financial Highlights



Income Statement Highlights

| (1,000 RMB) | By the end of Dec 31 | | |
|--|----------------------|----------|---------|
| | 2010 | 2009 | Growth |
| Revenue | 874,216 | 646,535 | 35.2% |
| Gross profit | 783,081 | 578,134 | 35.4% |
| <i>Gross margin</i> | 89.6% | 89.4% | - |
| Operating profit | 230,867 | 219,864 | 5.0% |
| <i>Operating margin</i> | 26.4% | 34.0% | - |
| EBITDA | 250,659 | 225,752 | 11.0% |
| Fair value adjustment of convertible redeemable preferred shares | (121,361) | (33,497) | 262.3% |
| PBT | 101,146 | 177,713 | (43.1%) |
| <i>PBT margin</i> | 11.6% | 27.5% | - |
| <i>Effective tax rate</i> | (41.0%) | (20.3%) | - |
| Net profit ⁽¹⁾ | 59,655 | 141,707 | (57.9%) |
| <i>Net profit margin</i> | 6.8% | 21.9% | - |

Notes: (1) Factors to affect the net profit: Non-cash expense of RMB 121.4 million due to fair value adjustment of convertible redeemable preferred shares; IPO expenses of RMB 33.5 million; Non-cash equity compensation of RMB 36.6 million



Income Statement Highlights (cont.)

| (1,000 RMB) | By the end of Dec 31 | | |
|-----------------|----------------------|------|---------|
| | 2010 | 2009 | Growth |
| EPS | | | |
| – Basic | 0.05 | 0.13 | (61.5%) |
| – Diluted | 0.05 | 0.13 | (61.5%) |
| EPS (excl. FVA) | | | |
| – Basic | 0.14 | 0.16 | (9.8%) |
| – Diluted | 0.13 | 0.16 | (12.4%) |

Revenue



| (1,000 RMB) | By the end of Dec 31 | | | | |
|-----------------------|----------------------|------------|---------|------------|---------|
| | 2010 | % of total | 2009 | % of total | Growth |
| Besunyen detox tea | 566,222 | 64.8% | 373,135 | 57.7% | 51.7% |
| Besunyen slimming tea | 304,186 | 34.8% | 265,706 | 41.1% | 14.5% |
| Others | 3,808 | 0.4% | 7,694 | 1.1% | (50.5%) |
| Total | 874,216 | 100% | 646,535 | 100% | 35.2% |

Expense Rates



| | By the end of Dec 31 | | |
|---|----------------------|---------|--------|
| | 2010 | 2009 | Change |
| Selling and marketing expenses ratio ⁽¹⁾ | (48.4%) | (53.2%) | 4.8% |
| – Advertising expenses | (28.6%) | (30.4%) | 1.8% |
| General and administration expenses ⁽¹⁾ | (11.1%) | (4.3%) | (6.8%) |
| – R&D expenses ⁽²⁾ | (0.9%) | (0.3%) | (0.6%) |
| Ratio of FVA ⁽¹⁾ | (13.9%) | (5.2%) | (8.7%) |
| Ratio of finance cost ⁽¹⁾ | (1.0%) | (1.3%) | 0.3% |

Notes: (1) % of revenue

(2) Including R&D expenses for quality control and future manufacturing process



Efficiency of Working Capital

| (Days) | By the end of Dec 31 | | |
|--|----------------------|------|--------|
| | 2010 | 2009 | Change |
| Inventory turnover days | 25 | 35 | (10) |
| Trade receivables and notes receivable turnover days | 52 | 29 | 23 |
| Trade receivables turnover days | 37 | 13 | 24 |
| Trade payable turnover days | 36 | 41 | (5) |



Stable Balance Sheet

| ('000 RMB) | By the end of Dec 31 | | |
|---|----------------------|---------|--------|
| | 2010 | 2009 | Growth |
| Cash & cash equivalents | 1,170,469 | 168,777 | 593.5% |
| Bank loans | - | 65,000 | (100%) |
| Convertible redeemable preferred shares | - | 135,921 | (100%) |
| Current ratio | 11.4 | 3.0 | - |
| Leverage ratio ⁽¹⁾⁽²⁾ | - | 1.7% | - |
| CAPEX | 151,906 | 149,114 | 1.9% |

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

(2) Leverage ratio = Debt / Total assets



Return on Investment

| | By the end of Dec 31 | | |
|--------------------|----------------------|-------|---------|
| | 2010 | 2009 | Change |
| ROA ⁽¹⁾ | 4.9% | 33.6% | (28.7%) |
| ROE ⁽²⁾ | 5.9% | 61.7% | (55.8%) |
| ROA (excl. FVA) | 14.8% | 41.5% | (26.7%) |
| ROE (excl. FVA) | 17.8% | 76.3% | (58.5%) |

Note: (1) ROA = Net profit ÷ ((Beginning total assets + Ending total assets)/2)

(2) ROE = Net profit ÷ ((Beginning shareholder's equity + Ending shareholder's equity)/2)



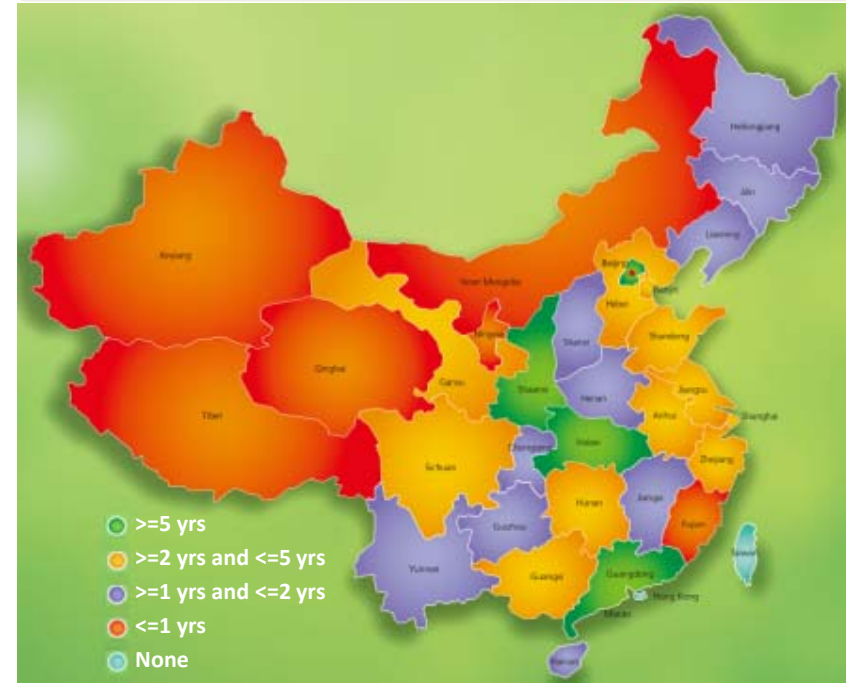
Business Review

Nationwide Coverage and Expansion of the Distribution Network



- **462** distributors covering all of China's regional markets including **31** provinces, autonomous regions and directly controlled municipalities. (compared to 409 distributors in 25 provinces, autonomous regions and directly-controlled municipalities in 2009)
- Products sold in over **119,000** retail outlets, 95% of which are retail pharmacies
- Around **2,220** full-time employees (including 750 promotion specialists) dedicated to sales and promotional effort
- Further set up sales channels in **supermarkets and hypermarkets** including Watsons, Walmart, Carrefour, Auchan and Century Mart, etc.

Map of Market Entry (Years of market presence)



Supermarket and Superstore Clients

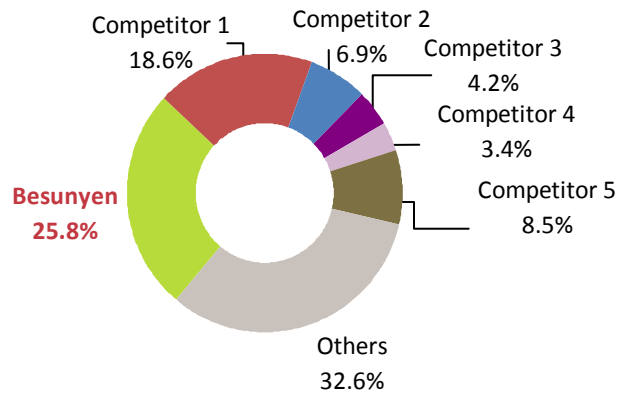


Besunyen Detox Tea: Consolidate No.1 Market Leadership

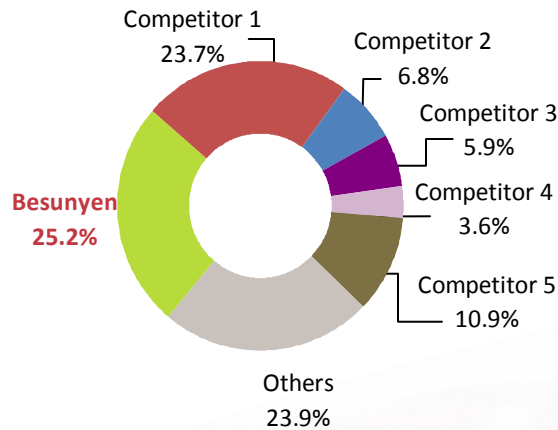


Besunyen's leading position in laxative product market ⁽¹⁾

2010

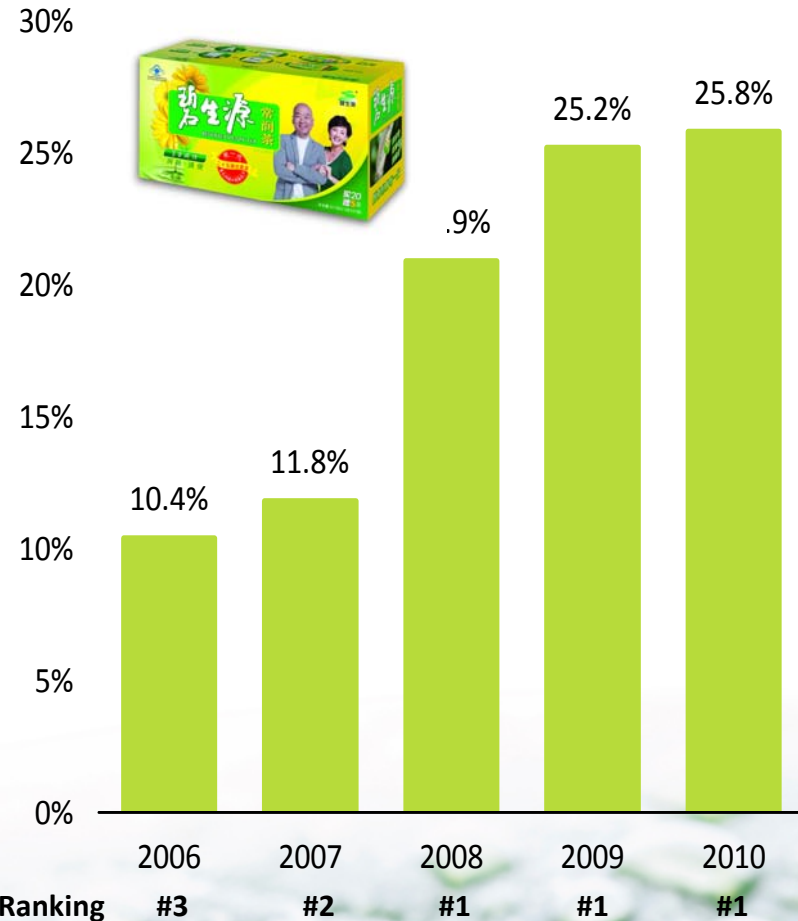


2009



Besunyen's market share in laxative product market ⁽¹⁾

Market Share (%)



Note: (1) Including estimated retail sales of health food products, OTC drugs and other prescription products through retail pharmacies.

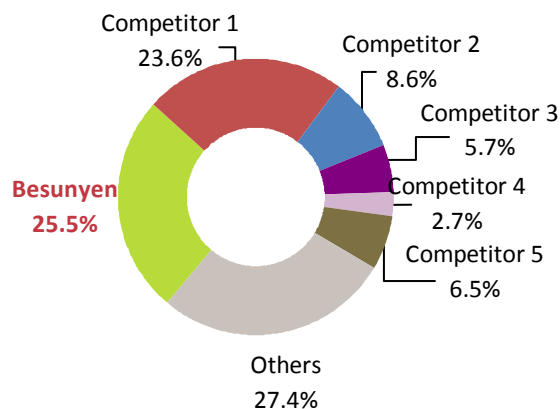
Source: China Southern Medical Economy Research Institute, February 2011

Besunyen Slimming Tea: Established No.1 Market Leadership

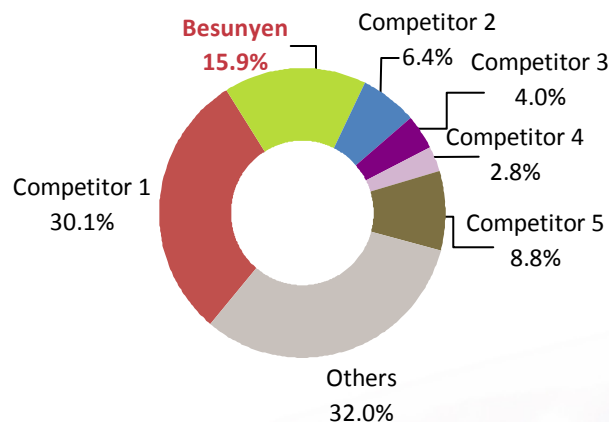


Besunyen's leading position in slimming product market ⁽¹⁾

2010

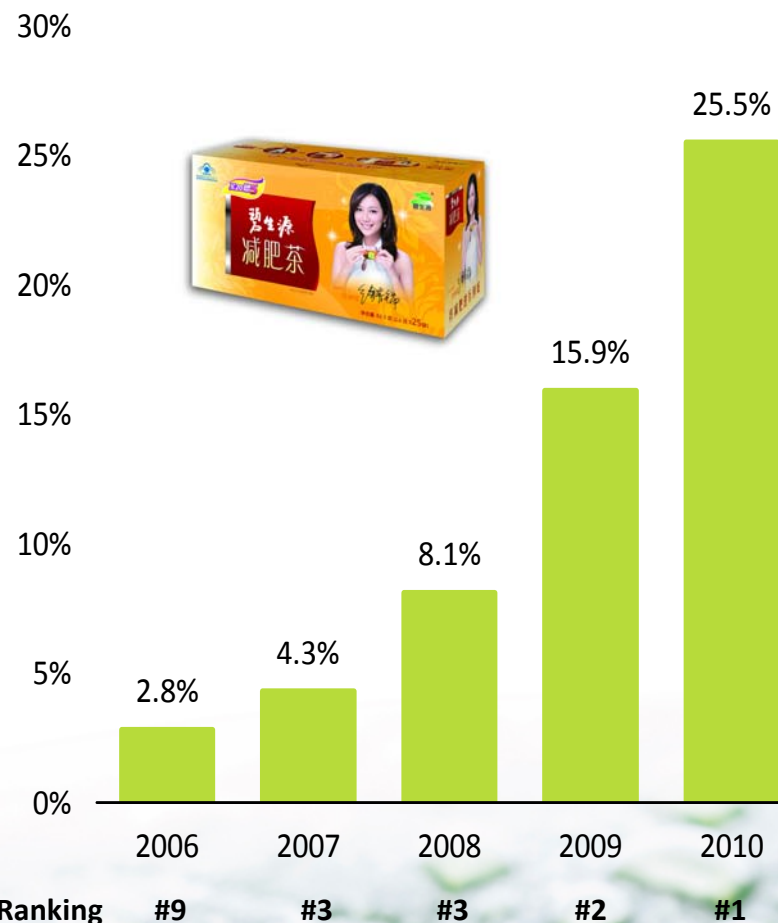


2009



Besunyen's market share in slimming product market ⁽¹⁾

Market Share (%)



Note: (1) Including estimated retail sales of health food products, OTC drugs and other prescription products through retail pharmacies.

Source: Southern Institute of Medical Economics, February 2011

Marketing Strategy of Combined Multimedia Advertising and Campaign Title Sponsorship



Comprehensive and effective marketing platforms

| Venues | Partners | Campaigns |
|-----------------------|--|---|
| TV |    <p>Anhui Satellite TV</p> |   |
| Public Transportation |   |   |
| Newspapers |     |   |
| Internet |    <p>Tudou.com 每个人都是生活的导演</p> |   |
| Public events |   <p>新丝路模特机构</p> |   |

Our creative and comprehensive marketing approach helped us to establish strong brand awareness and positive brand image

Celebrity Endorsements: Further Improve Brand Recognition and Influence



Besunyen detox tea



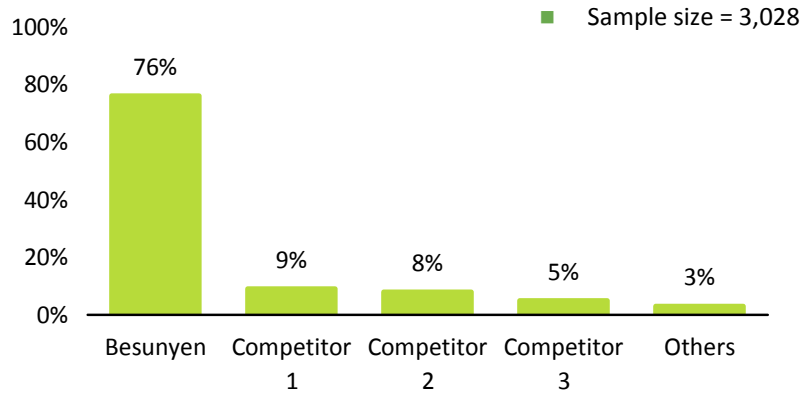
Besunyen slimming tea





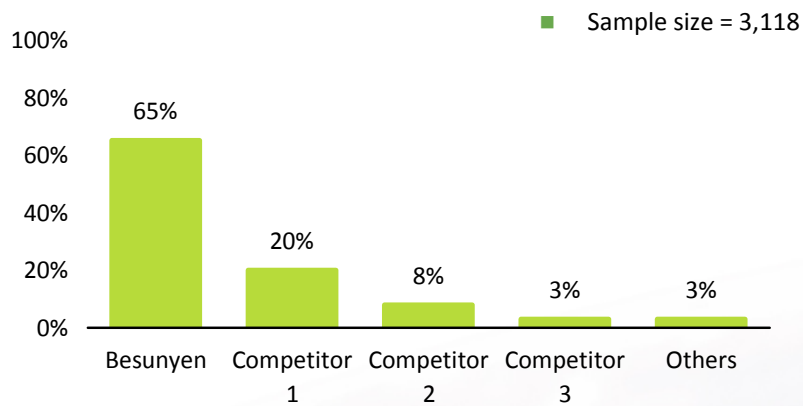
Strong Brand Recognition

Unaided brand awareness of laxative products



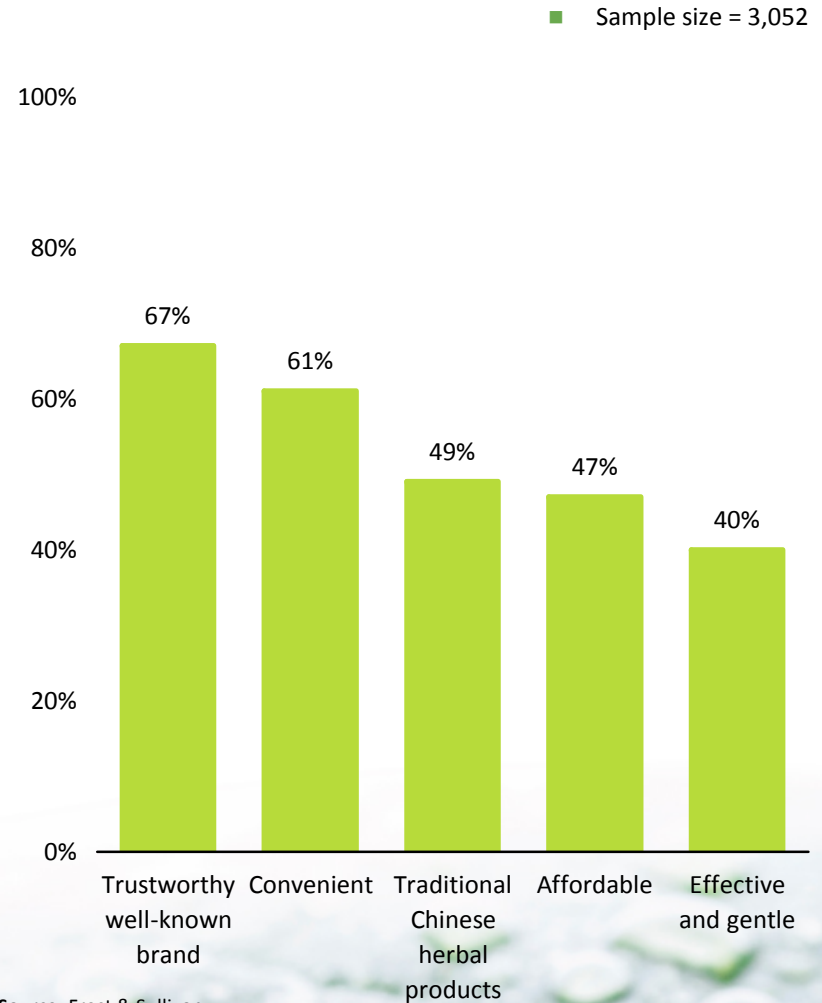
Source: Frost & Sullivan

Unaided brand awareness of slimming products



Source: Frost & Sullivan

Positive brand image



Source: Frost & Sullivan

Test Selling of Mei An Granule

- **Major functions:**
 - Improving sleep quality
 - Reducing skin age spots
- From November 2010, Mei An Granule started its **test selling in 9 cities** including Beijing, Wenzhou, Wuhan, Shenzhen, and Guangzhou
- As of December 31, 2010, Mei An Granule's **test selling** has covered over **1,000** retail pharmacies and around **10** superstores
- Feedback from 209 Mei An Granule customers:
 - 32% feel satisfied with the improvement in sleep quality after taking Mei An for two weeks
 - 64% indicated that they will purchase Mei An Granule again

Advertisement for Mei An Granule





Improvement on R&D Capabilities

- Besunyen acquired Jianshixing Biotech R&D on May 2010 to expand **new product development capabilities**
- Besunyen's **new product development** focuses on the segment of therapeutic tea market
 - Large market and demand
 - Strongly effectiveness in improving health
 - High barrier of entry due to unique technology
- **A potential new product** was submitted to the SFDA authorized testing institution on July 2010 to test its effectiveness and drug safety. (Function: fatigue relief, memory improvement)



Prospects and Strategies

Growth Strategies

Besunyen aims to become a dominant player in the therapeutic tea market in China

Expand market share

- Improve the **penetration** of the existing products
- Focus on the large customer base in the **new markets**

Ensure the success of new products

- **Mei An Granule** is expected to be launched nationwide in June 2011
- **OTC MaiShuPing tea** (lower blood pressure) is at the last stage of approval, and is expected to be launched in 2011

Expand distribution network and sales channels

- Expand the retail pharmacy channel to the tier 2 and tier 3 cities for **in-depth distribution**
- Further develop the **supermarkets and superstore channel**
- Further develop **E-business channels**

Enhance brand recognition of Besunyen

- **Celebrity endorsement** and relevant brand promotions
- New TV commercials accentuate the Company's features of "**herbal**", "**healthy**", "**safe**", "**effective**", etc
- Build **long-term customer loyalty**



We intend to attract, retain and motivate management talent to execute our growth strategies

2011 CAPEX Plans

- Total CAPEX is expected to be about **RMB 500 million**
- It will be supported by the Company's **existing cash balance, cash from operating activities** and the **proceeds from IPO**

| Use of CAPEX | Amount (million RMB) |
|---|----------------------|
| Manufacturing facilities and equipments | 199.0 |
| East China headquarter in Shanghai | 259.0 |
| R&D | 30.0 |
| IT system | 12.0 |
| Total | 500.0 |



Questions and Answers

