



碧生源控股有限公司

Besunyen Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0926

# Interim Results 2011 Corporate Presentation

August 2011



# Agenda



- Interim Results Highlights
- Financial Review
- Business Review
- Future Growth Strategies
- Q&A
- Appendix: Market Surveys on Besunyen

# Interim Results Highlights

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('000 RMB)	1H2011	1H2010	Growth
Revenue	512,323	368,684	+39.0%
Gross profit	458,602	330,722	+38.7%
Operating profit	137,542	103,243	+33.2%
Profit Attributable to Shareholders	113,323	21,108	+436.9%
EPS			
- <i>Basic</i>	RMB0.07	RMB0.02	+258.5%
- <i>Diluted</i>	RMB0.07	RMB0.02	+249.5%
Interim Dividend (per share)	HK\$0.02	-	N/A

## Interim Results Highlights (cont.)

- Maintained strong revenue growth of core products

('000 RMB)	1H2011	1H2010	Growth
Besunyen detox tea	242,632	178,173	+36.2%
Besunyen slimming tea	266,804	187,493	+42.3%

- Strengthened sales network and distribution channels management
  - 30 June 2011: 429 distributors covered around 123,000 retail outlets  
(31 December 2010: 462 distributors covered 119,000 retail outlets)
- Improved Besunyen brand image and sales performance through effective marketing campaigns, including engaging celebrities as spokespersons
- Repositioned Mei An Granules and focused trial sale in Jiangsu Province. The trial sale will be extended to the Eastern China in 4Q 2011 and across the country in 2012
- Refined corporate management to increase operating efficiency

# Financial Review

# Revenue and Profitability

('000 RMB)	1H2011	1H2010	Growth
Revenue	512,323	368,684	39.0%
Gross profit	458,602	330,722	38.7%
<i>Gross margin</i>	89.5%	89.7%	-
Operating profit	137,542	103,243	33.2%
<i>Operating margin</i>	26.8%	28.0%	-
EBITDA	152,264	110,014	38.4%
Fair value adjustment of convertible redeemable preferred shares	-	(56,661)	(100.0%)
PBT	137,542	43,848	213.7%
<i>PBT margin</i>	26.8%	11.9%	-
Net profit	113,323	21,108	436.9%
<i>Net profit margin</i>	22.1%	5.7%	-



# Earnings per Share

(RMB)	1H2011	1H2010	Growth
EPS			
– Basic	0.07	0.02	258.5%
– Diluted	0.07	0.02	249.5%



# Revenue Breakdown

('000 RMB)		1H2011	% of total	1H2010	% of total	Growth
Besunyen detox tea		242,632	47.4%	178,173	48.3%	36.2%
Besunyen slimming tea		266,804	52.1%	187,493	50.9%	42.3%
Others		2,887	0.5%	3,018	0.8%	(4.4%)
Total		512,323	100.0%	368,684	100%	39.0%

# Cost and Expense Ratios

(% of Revenue)	1H2011	1H2010	Change
Other income (expenses)	1.5%	(2.9%)	4.4%
Selling and marketing expenses ratio	(53.2%)	(50.6%)	(2.6%)
– Advertising expenses	(32.3%)	(31.8%)	(0.5%)
General and administration expenses	(9.7%)	(7.8%)	(1.9%)
– R&D expenses <sup>(1)</sup>	(1.3%)	(0.4%)	(0.9%)
Ratio of FVA	-	(15.4%)	15.4%
Ratio of finance cost	-	(0.7%)	0.7%

Note: (1) Including R&D expenses for quality control and future manufacturing process

# Working Capital Efficiency

(Days)	1H2011	1H2010	Change
Inventory turnover days	26.4	46.6	(20.2)
Trade receivables and notes receivable turnover days	65.6	49.8	15.8
– <i>Trade receivables turnover days</i>	44.9	27.3	17.6
Trade payable turnover days	34.7	32.3	2.4

## Working Capital Efficiency (Cont'd)

(Days)	1H2011	2010	Change
Inventory turnover days	26.4	24.2	2.2
Trade receivables and notes receivable turnover days	65.6	51.7	13.9
– <i>Trade receivables turnover days</i>	44.9	36.4	8.5
Trade payable turnover days	34.7	35.8	(1.1)

# Liquidity and Capital Structure

('000 RMB)	30 Jun 2011	31 Dec 2010	Change
Cash & cash equivalents	1,057,900	1,170,469	(9.6%)
Bank loans	--	--	--
Current ratio	12.4	11.4	8.9%
Gearing ratio <sup>(1)(2)</sup>	--	--	--

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

(2) Gearing ratio = Debt / Total assets

# Cash Flow Summary

('000 RMB)	1H2011	1H2010	Change
Net Cash from (Used in) Operating Activities	8,388	(6,454)	14,842
Net Cash Used in Investing Activities	(101,876)	(79,872)	(22,004)
Net Cash used in Financing Activities	(14,466)	(21,516)	7,050
Increase / (Decrease) in Cash and Cash Equivalents	(107,954)	(107,842)	(112)

# Return on Investment

	1H2011	1H2010	Change
ROA <sup>(1)</sup>	6.8%	3.3%	3.5%
ROE <sup>(2)</sup>	7.3%	6.7%	0.6%

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

# Strengthening Sales Network and Channels Management



- Focused on regional markets expansion
  - For the developed markets (>5 years): strengthening market position
  - For the developing markets (between 2 – 5 years) in-depth exploitation
  - For the emerging markets (less than 2 years): focusing on key cities to radiate and increase penetration in the neighboring markets
- Integrated sales channels, optimized distributors resources
  - As at 30 June 2011: 429 distributors, covering about 123,000 retail outlets (31 December 2010: 462 distributors covering about 119,000 retail outlets)
- Improved retail outlets efficiency through emphasizing the increase of the first-to-recommend ratio for Besunyen's products

# Trial Selling Mei An Granules and launching of Maishuping



- Mei An's efficacy in improving sleep quality was confirmed by customer survey during the trial sale
- Repositioned Mei An Granules in 2Q 2011 and focused trial sale efforts in Jiangyin City and Changsha City, Jiangsu Province
- The trial sale is expected to be extended to Eastern China in 4Q 2011 and across the country in 2012
- Preliminary preparation for the launch of Maishuping is full steam ahead. Once approval from the SFDA for the medicine certificate of post plant-relocation production is obtained, production and sale of the product will commence immediately

## Advertisement for Mei An Granules



# Improving “Besunyen” Brandname Recognition and Credibility



- Having celebrities as our core products' spokespersons remarkably increased the influence of Besunyen brand and boosted the products sales as well
- Better allocated marketing resources and efforts to optimize the effectiveness of brand enhancement and sales promotion
  - Focused on popular domestic satellite TV channels and programs
  - Participated in title sponsorships with popular domestic TV show programs
  - Actively explored online media marketing and advertising



# Striving for New Product Development and Strict Quality Control



- A new product (for relieving physical fatigue and improving memory) :
  - Passed relevant tests at Shanghai Disease Prevention and Control Centre on safety, efficacy and quality reliability
  - Lodged an application to the SFDA for approval
- Another new product (for enhancing skin condition and repairing ageing skin caused by various oxidation factors) :
  - Undergoing relevant tests at Shanghai Disease Prevention and Control Centre on safety, efficacy and quality reliability
- Enhanced R&D capabilities and reputation through undertaking projects commissioned by international beverage and food companies for joint development
- Set up in-house Product Safety and Quality Assurance Centre early this year :
  - To ensure the compliance to the strict quality and safety standards for each batch of raw materials purchased or products produced

# Refining Corporate Management to Increase Operating Efficiency



- Emphasized the use of budgeting management system:
  - Encouraged employees' full participation and ownership
- Recruits talents continuously and strengthens human resources functions, organization development, IT planning and construction
- Commenced construction work for specific projects including the optimization of management process, Office Automation system, Enterprise Resources Planning system and rebuilding of the network system



# Future Growth Strategies



# Future 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
- Improve the **penetration** of customer segments in the **new markets**

## 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**



## Ensure the success of new products

- **Mei An Granules** is expected to be extended to Eastern China in 4Q 2011
- **OTC MaiShuPing** (lower blood pressure) will be launched once the approval from SFDA is obtained

## 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
- **Online marketing** and promotion efforts

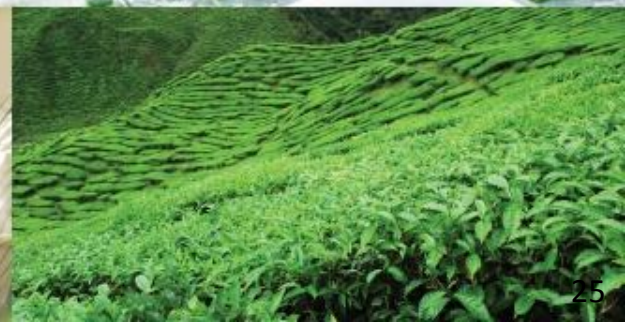
We intend to attract, retain and motivate management talent to execute our growth strategies

## 2H2011 CAPEX Plans

- Total CAPEX is expected to be about **RMB 460 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	120.0
Offices premises in Beijing	306.0
R&D	22.0
IT system	15.0
Total	463.0

# Questions and Answers



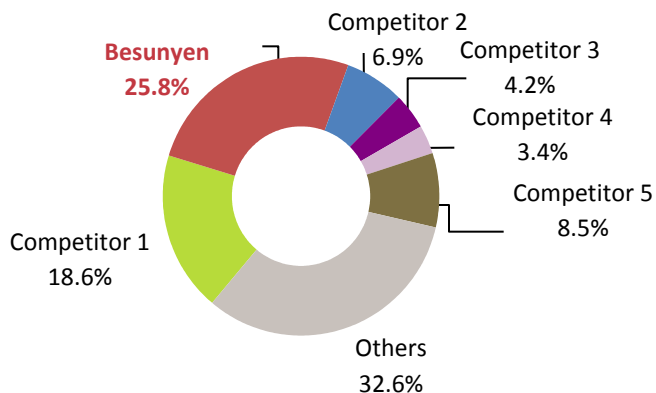
## Appendix: Market Surveys on Besunyen

# Besunyen Detox Tea: Consolidate No.1 Market Leadership

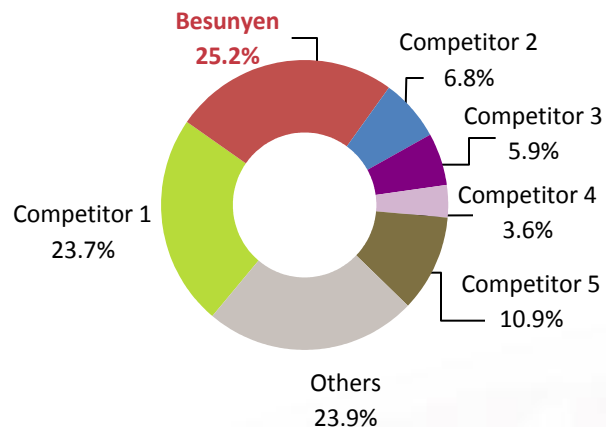


**Besunyen's leading position in laxative product market <sup>(1)</sup>**

2010

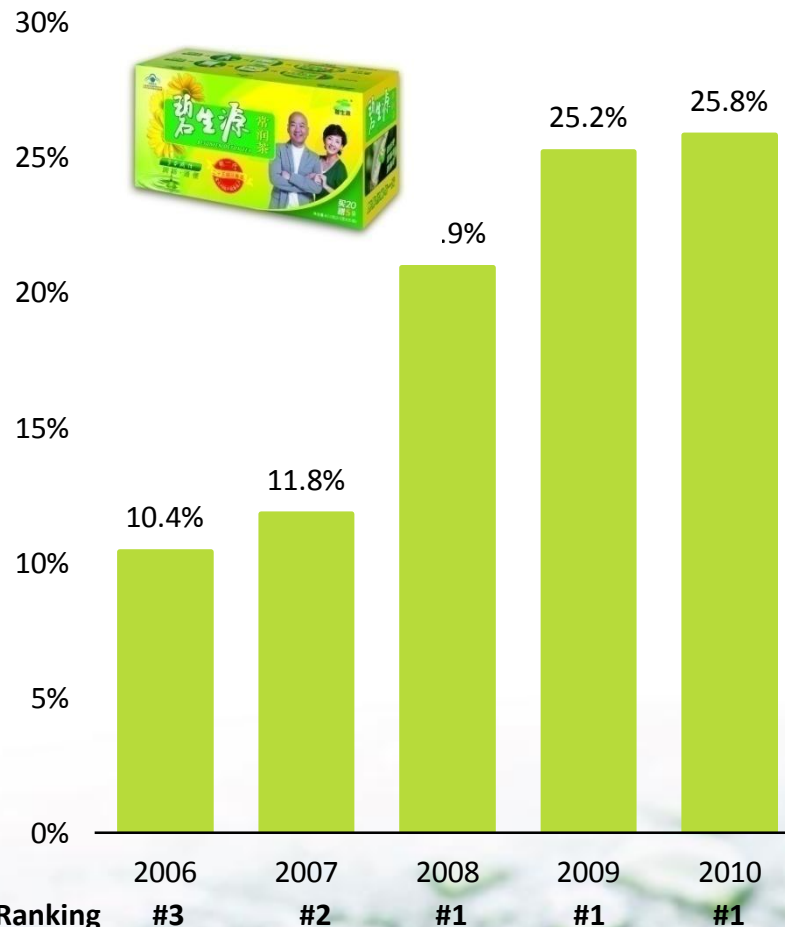


2009



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

Market Share (%)



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

**Source:** China Southern Medicine Economy Research Institute, February 2011

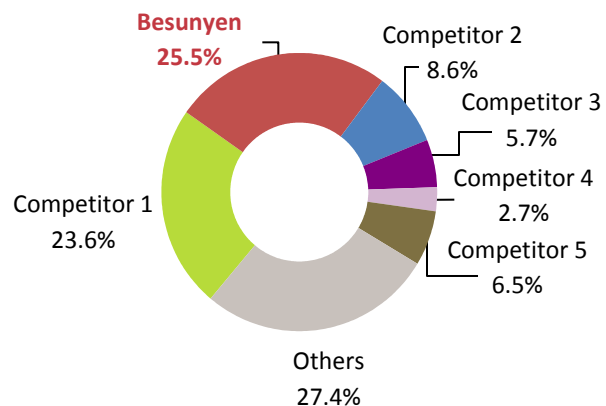


# Besunyen Slimming Tea: Established No.1 Market Leadership

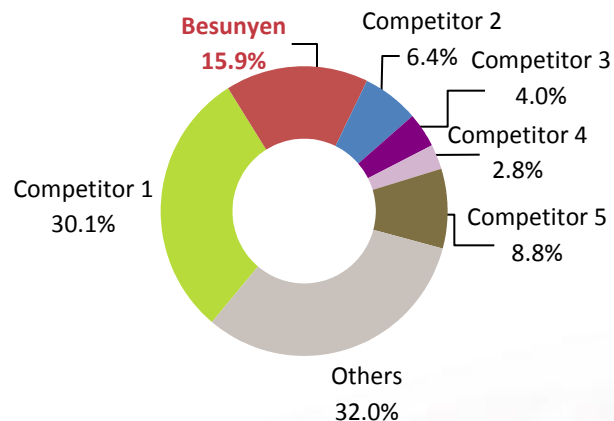


**Besunyen's leading position in slimming product market <sup>(1)</sup>**

2010

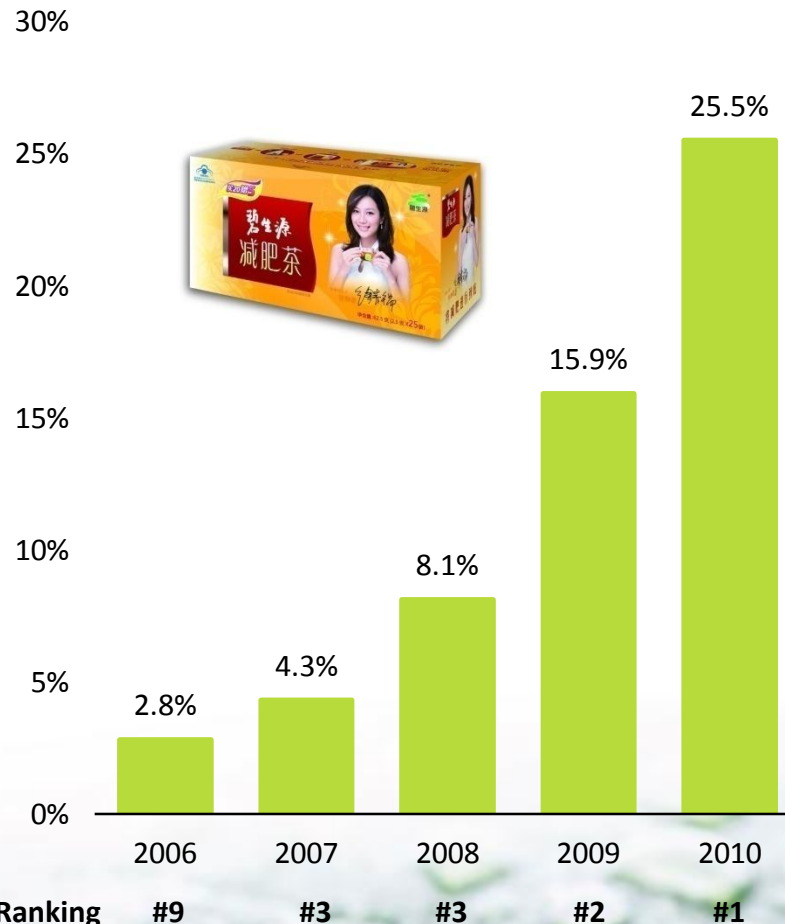


2009



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

Market Share (%)

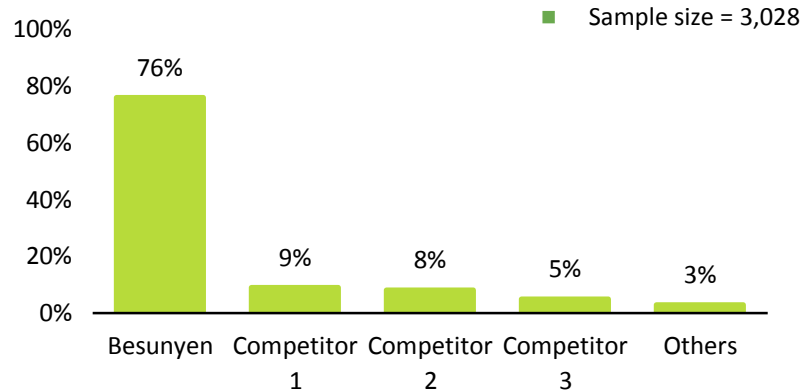


**Note:** (1) Including estimated retail sales of health food products, OTC drugs and other prescription products through retail pharmacies.

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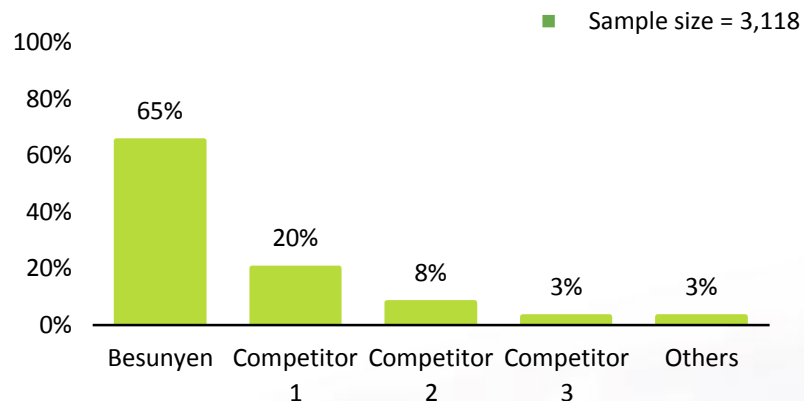
# Strong Brand Recognition

## Unaided brand awareness of laxative products



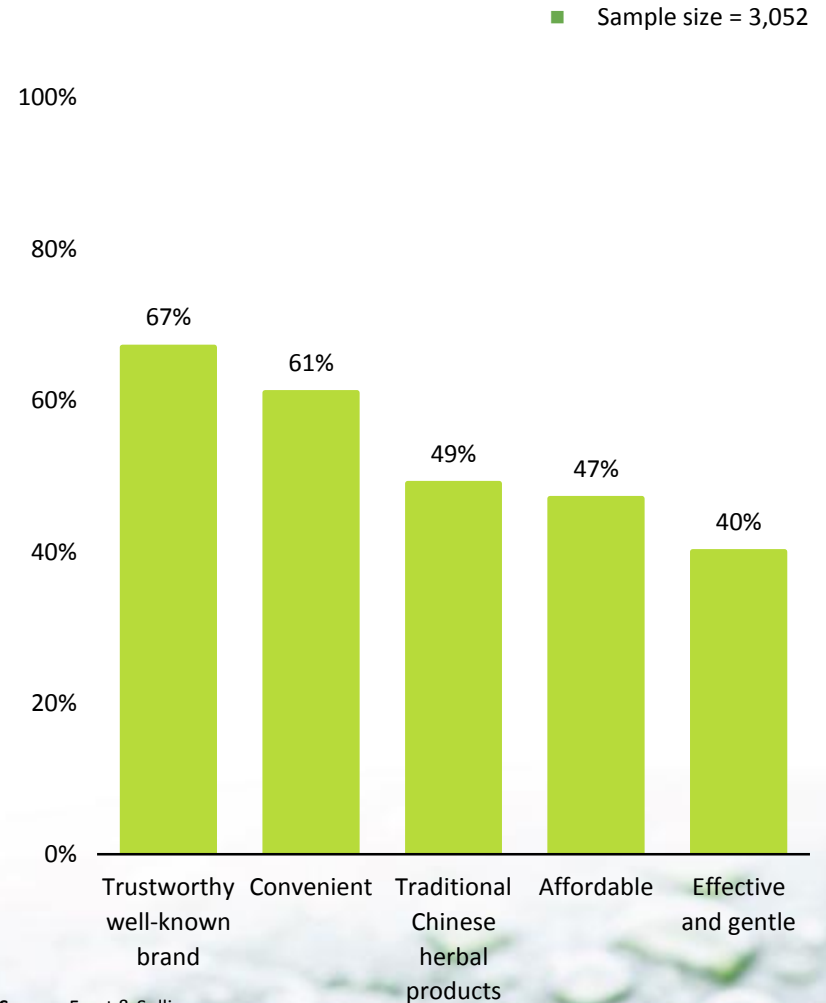
Source: Frost & Sullivan

## Unaided brand awareness of slimming products



Source: Frost & Sullivan

## Positive brand image



Source: Frost & Sullivan



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