



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 2012 Corporate Presentation

August 2012

Sustaining Health from
Nature's Nourishing

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Agenda

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



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Sustaining Health from
Nature's Nourishing





Business Review

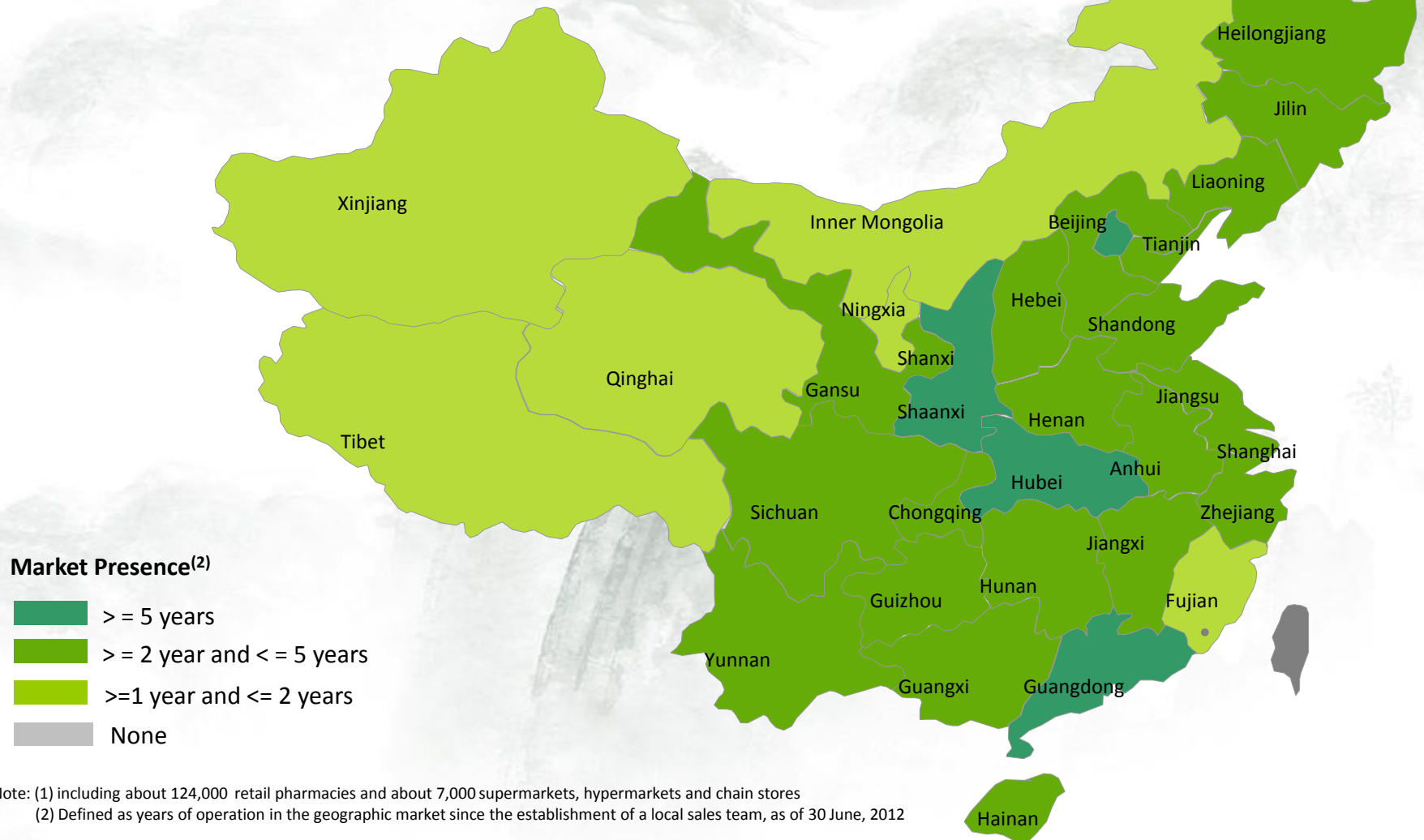


Streamlining of distribution system and moderate expansion of sales network



Number of distributors: 30 June 2012 :**388** (31Dec 2011: 420)

Number of retail outlets: 30 June 2012: **131,000**⁽¹⁾ (31Dec 2011: 130,000)



Fast growing e-commerce business

- Besunyen products are sold in popular e-commerce platforms, such as Taobao Tmall, 360buy, Dangdang, Amazon etc, apart from our own website www.7cha.com
- e-commerce channel will be a major sales channel for the tea beverage products, a new product segment launched by the Group in June 2012

7cha.com
& Tmall

Total sales volume **increased by over 200%** in 1H2012 y-o-y

Top 10 best-selling health care products in Tmall

360 Buy

Sales **increased by 6 times** in 1H2012 y-o-y

www.7cha.com

Tmall

360 Buy

Dang dang

Amazon

The Group's own e-commerce website



Other popular e-commerce platforms



Tapped into teabag beverage market to broaden product portfolio



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

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

Tapped into teabag beverage market to broaden product portfolio



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

Mei An Granules product launched nationwide with unique positioning



Mei An Granules

- Available nationwide since March 2012
- Sold in over 6,000 retail pharmacies

Unique product positioning well-received by target market

- The concept “Beauty Sleep” is widely accepted in a focus group survey
- The combination of improving sleep quality and skin tone made Mei An Granules unique in the market



According to a survey conduct by IPSOS Marketing in June 2012



Strived for new products launch - Maishuping

An OTC medicine teabag product which helps stabilize blood pressure

- Obtained approvals from SFDA 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%**
- Has applied for GMP certificate for production and is under verification by relevant government authorities
- **Positioning and marketing strategies** are well in place, production and sales will commence right after the **GMP certificate** is obtained

The GMP certificate to be obtained by end of 2012

Continuous marketing effort for long-term brand building



Product-oriented marketing activities on satellite TV channels

Sponsorship



“If You are the One”(非诚勿扰)

- the single largest advertising activity in 1H2012
- the hottest TV shows recently across China
- customers purchase Besunyen products get tickets to the live show



“Idol Exclusive TV Theatre” (偶像独播剧场)



“Talents in life” (点事成金)



“Romance TV Theatre” (情感剧场)

Advertising



东方卫视

Entertainment programs :

“Star Space” (娱乐星天地) and “Sing it”(我心唱响)

Corporate image advertising on national channels



Continuous marketing effort for long-term brand building (cont'd)



Event Sponsorship in the university

- Sponsored the “University Advertisement Art Show Academy Award” with the theme “Slimming Makes Life More Wonderful”
- Roadshows in 18 cities and 20 universities to build brand awareness among young people and potential consumers.

Spokespersons



Laxative Tea



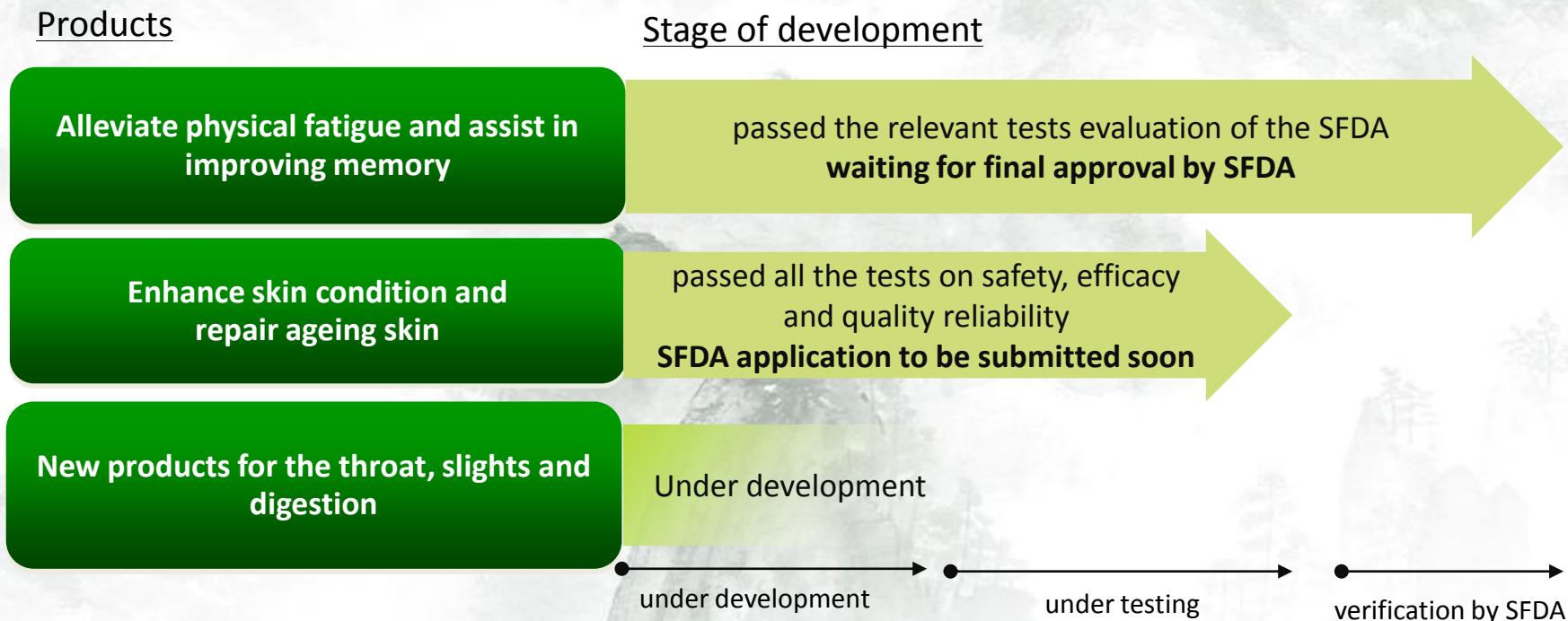
Slimming tea

In April 2012, “Besunyen” awarded as one of the top 10 health food brands in the Fourth China Credible Health Food Forum (第四届中国保健品公信力论坛).

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

New product pipeline under research & development 碧生源

- Our own **R&D Center** focuses on developing products with significant market potential and consumer demand, proven health efficacy as well as a relatively high technical entry barrier





Financial Summary



Income Statement Highlights

('000 RMB)	1H2012	1H2011	Growth
Turnover	325,157	512,323	(36.5%)
Gross profit	279,538	458,602	(39.0%)
<i>Gross margin</i>	86.00%	89.50%	(3.5%pts)
Operating (loss)/ profit	(127,380)	137,542	(192.6%)
<i>Operating margin</i>	N/A	26.85%	N/A
EBITDA	(135,429)	152,264	(188.9%)
Loss on disposal of a subsidiary	(6,700)	-	N/A
Impairment loss recognised in respect of property, plant and equipment	(20,256)	-	N/A
(Loss)/ profit before taxation	(154,336)	137,542	(212.2%)
<i>PBT margin</i>	N/A	26.85%	N/A
Net (loss)/profit	(167,554)	113,323	(247.9%)
<i>Net profit margin</i>	N/A	22.12%	N/A
ESP (Basic)(unit:RMB)	(0.10)	0.07	(242.9%)
ESP (Diluted)(unit:RMB)	(0.10)	0.07	(242.9%)

Revenue Breakdown

('000 RMB)	1H2012	% of total	1H2011	% of total	Growth
Besunyen Detox tea	116,988	36.0%	242,632	47.4%	(51.8%)
Besunyen Slimming tea	196,632	60.5%	266,804	52.1%	(26.3%)
Others	11,537	3.5%	2,887	0.5%	299.7%
Total	325,157	100.0%	512,323	100.0%	(36.5%)

Expense Rates

('000 RMB; % of Revenue)	1H2012	% of revenue	1H2011	% of revenue	Change
Other income	8,773	2.7%	7,459	1.5%	17.6%
Selling and marketing expenses	(355,109)	109.2%	(272,500)	53.2%	30.3%
– Advertising expenses	(232,399)	71.5%	(165,410)	32.3%	40.5%
Administrative expenses	(53,319)	16.4%	(49,448)	9.7%	7.8%
R&D costs	(7,263)	2.2 %	(6,571)	1.3%	10.5%
Loss on disposal of a subsidiary	(6,700)	2.1%	-	-	N/A
Impairment loss recognised in respect of property , plant and equipment	(20,256)	6.2 %	-	-	N/A

Efficiency of Working Capital

(Days)	For the six months ended 30 June 2012	For the year ended 31 December 2011
Inventory turnover days	39	25
Trade receivables and notes receivable turnover days	76	78
Trade receivables turnover days	12	33
Trade payable turnover days	23	26

Balance Sheet, Cash Position and CAPEX

('000 RMB)	As of	
	June 30 2012	Dec 31 2011
Cash & cash equivalents	508,006	602,541
Bank loans	-	-
Current ratio	6.85X	4.88X
Leverage ratio ⁽¹⁾⁽²⁾	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 six months ended	
	June 30 2012	June 30 2011
Net Cash from operation activities	28,394	8,388

('000 RMB)	1H2012	1H2011
CAPEX	30,799	101,946



Prospects and Strategies



Outlook

Promising long-term industry growth

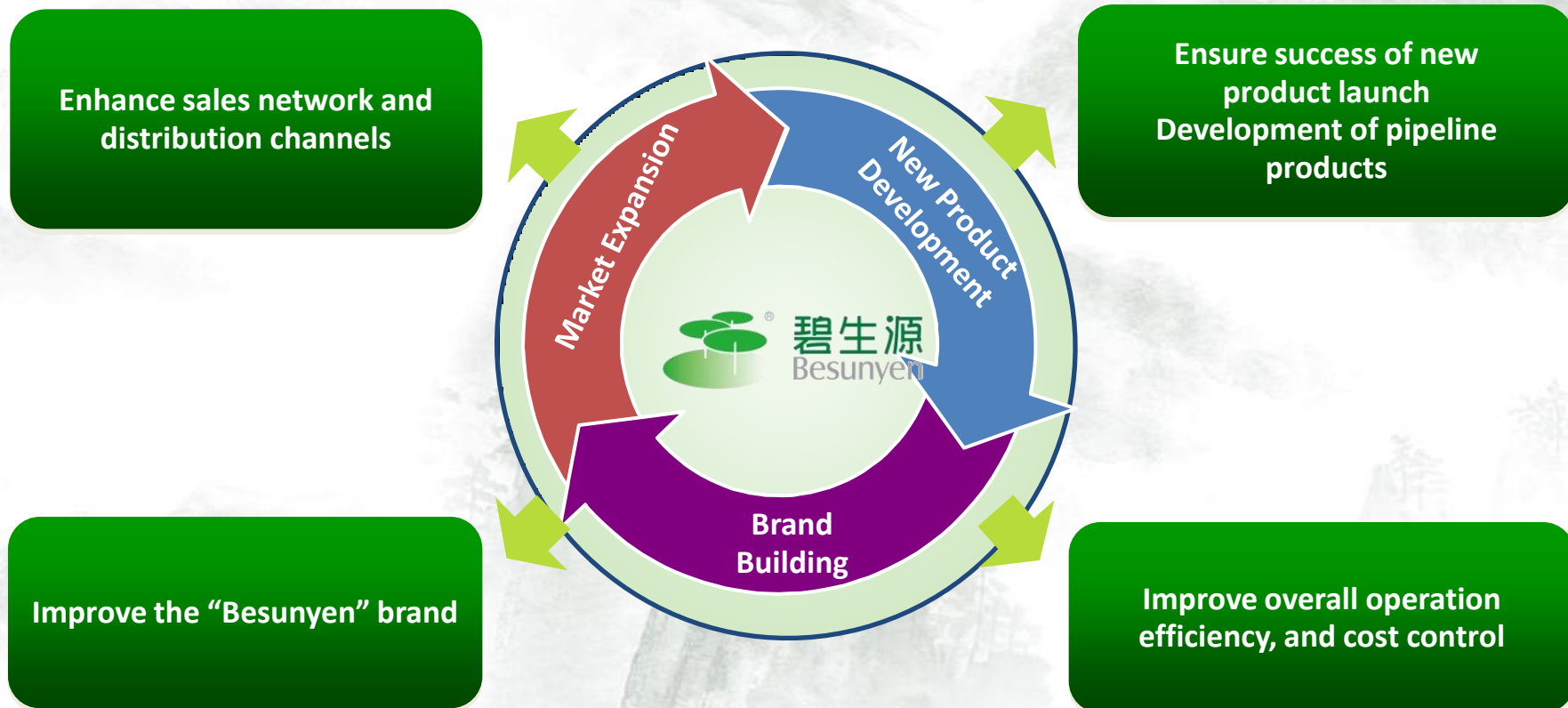
- Rapid urbanization and increasing disposable income in China
- Substantial consumer demand on health and healthy life-style
- Tremendous market potential for health care products

Cautious view on 2H performance

- Slow recovery in demand from our distributors in the first half of 2012
- Continuous declining economic growth in China
- 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



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 diverse media platforms
- Product-oriented advertising on satellite TV
- Variety show sponsorship of “老妈向前冲” in QLTV; “老妈看你的” in Liaoning TV China

Product-oriented advertising on satellite TV





Q&A



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Appendix



Established Market Leadership

Leading position in laxative product market⁽¹⁾

Leading position in slimming product market⁽¹⁾



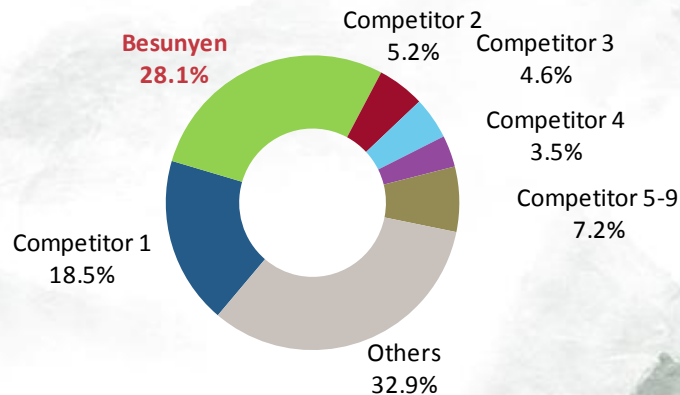
Note: (1) Including estimated retail sales of health food products, OTC drugs and other prescription products through retail pharmacies.
Source: China Southern Medicine Economy Research Institute, February 2012

Besunyen Detox Tea: Consolidate No.1 Market Leadership

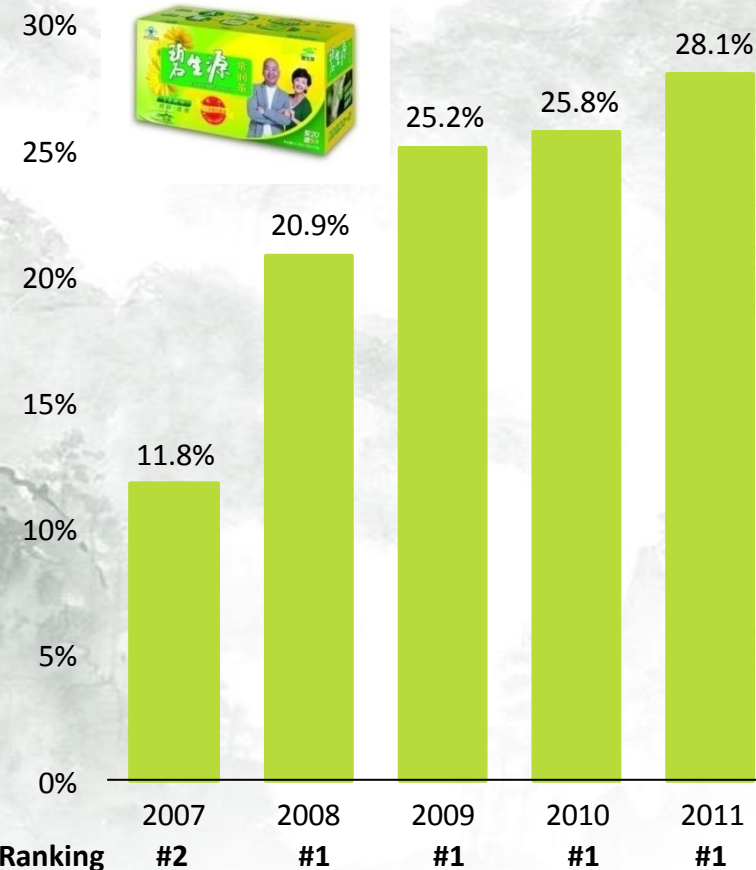
Besunyen's leading position in laxative product market⁽¹⁾

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

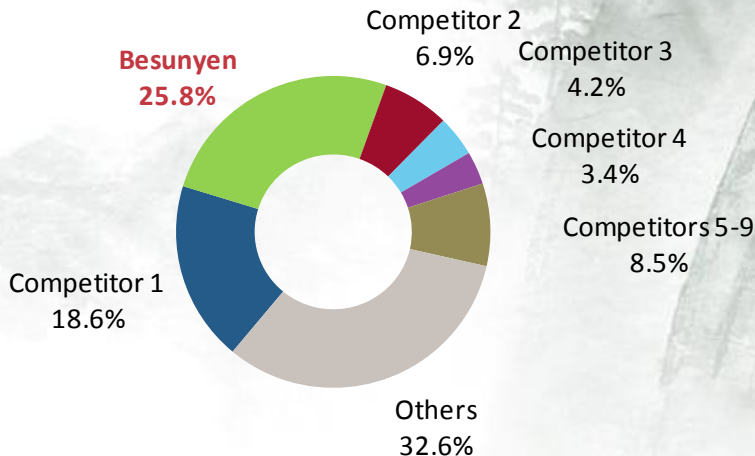
2011



Market Share (%)



2010



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 2012

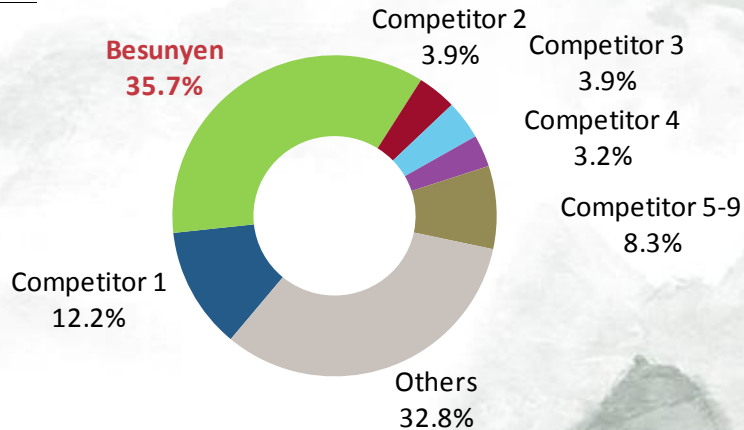
Besunyen Slimming Tea: Established No.1 Market Leadership



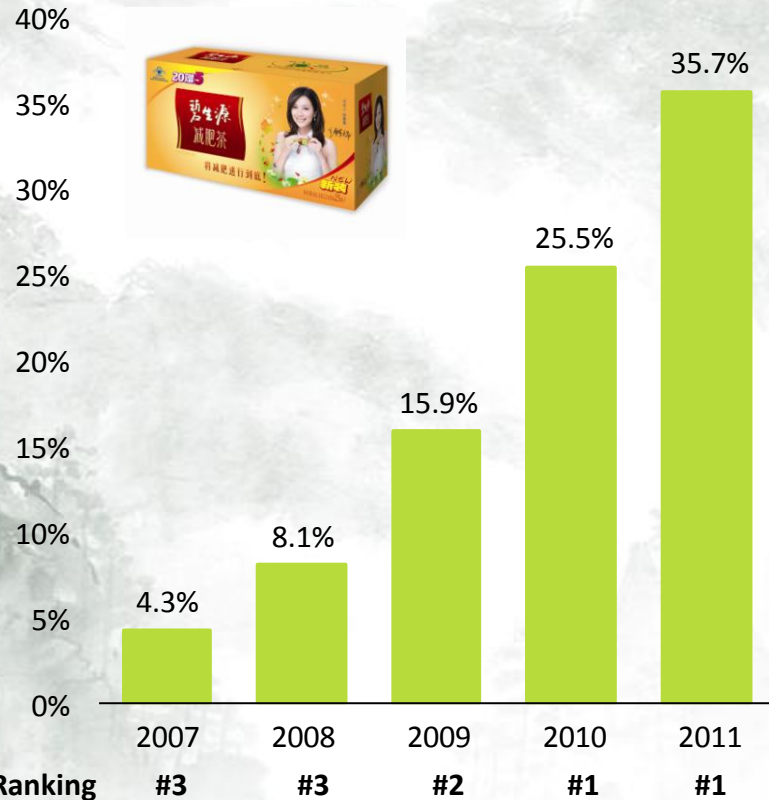
Besunyen's leading position in slimming product market⁽¹⁾

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

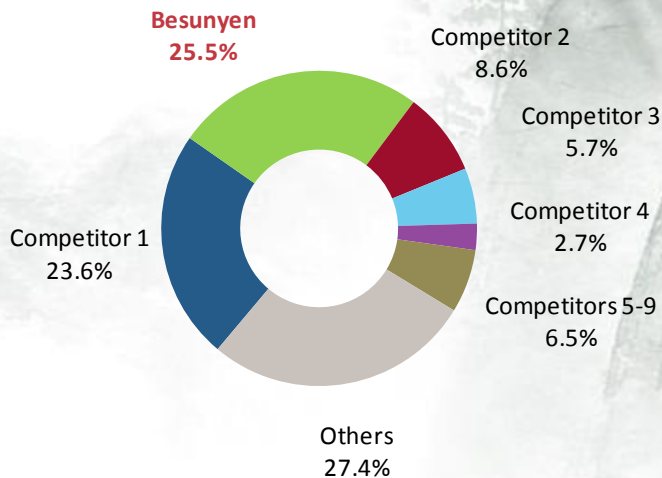
2011



Market Share (%)



2010



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 2012