

【For Immediate Release】



碧生源控股有限公司
Besunyen Holdings Company Limited

2011 Interim Results Announcement

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Turnover increased by 39% reaching RMB 512.3 million

Profit and total comprehensive income increased 4-folds to RMB 113.3 million

Financial Highlights

Six months ended 30 June	2011 RMB '000	2010 RMB '000	Change %
Turnover	512,323	368,684	39.0%
Gross profit	458,602	330,722	38.7%
Profit before taxation	137,542	43,848	213.7%
Profit and total comprehensive income	113,323	21,108	436.9%
Earnings per share (RMB)			
— Basic	0.07	0.02	258.5%
— Diluted	0.07	0.02	249.5%
Interim dividend	0.02	Nil	N/A

(August 21 2011 – Hong Kong) – Besunyen Holdings Company Limited, a leading provider of therapeutic tea products in China (“Besunyen” or the “Group”, stock code: 926) was pleased to announce the interim results of the Group for the six months ended 30 June 2011.

During the first six months of 2011, as a result of rapid growth in product sales under the Group’s efforts in developing and exploiting markets, as well as expanding the distribution network, the Group achieved a turnover of RMB512.3 million (1H2010: RMB 368.7 million), representing an increase of 39.0% compared to the same period last year. Gross profit reached RMB 458.6 million (1H2010: RMB 330.7million), up 38.7% compared to the corresponding period last year. Profit for and total comprehensive income for the first half of the year was RMB 113.3 million (1H2010: RMB21.1 million), representing a significant increase of 436.9% from the same period last year. The Board has approved an interim cash dividend of HK\$0.02 per share, equivalent to a dividend-payout ratio of approximately 24.4%.

Commenting on the interim results of 2011, Mr. Zhao Yihong, the Chairman and Chief Executive Officer of the Group said, “China’s economy faced a tight spot with serious inflation and noticeable slowdown of economic growth in the first half of year 2011. Nevertheless, the continuous increase in disposable income and consumption level, coupled with the stronger demand for healthcare food products nurtured the steady growth of the therapeutic tea market in China, allowing the Group to achieve satisfactory results.”

In the first half of 2011, the substantial growth in sales volume of the two besting-selling products drove up the total turnover of the Group. During the reporting period, the turnover contributed by “Besunyen detox tea” and “Besunyen slimming tea” were RMB 242.6 million and RMB 266.8 million, representing an increase of 36.2% and 42.3% respectively.

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Following the completion of the preliminary layout of its nationwide sales network, the Group focused on the expansion of regional markets, in-depth channel exploitation and improvement of efficiency of retail sales outlets. The distributor rating system has been introduced to establish strategic cooperation with its key customers, so as to improve their operational and management efficiency. During the reporting period, the total number of the Group's distributor were trimmed down from 462 by the end of 2010 to 429, while the total number of retail outlets (including retail pharmacies, supermarkets and hypermarkets) covered were expanded from approximately 119,000 at the end of 2010 to approximately 123,000 as at 30 June 2011. The Group has successfully increased the first-to-recommend ratio of Besunyen's product at the retail outlets by providing initiatives to shop assistants. The Group also took the advantage to install around 25,000 weight-scales at the retail outlets after many of its competitors' products containing Sibutramine were removed from the shelves.

In line with the Group's nationwide marketing strategy, the Group rationally advertised in satellite TV stations in China and sponsored a number of TV shows on regional and national TV channels, including the "Dancing Carnival (3rd Season)" on Chengdu TV, "More Smart Talk, More Happiness" on Hunan Economic TV and "Follow the Road to Health" on CCTV-10, etc. The Group also participated in the Ninth University Advertisement Art Show (Academy Award), from which it collected creative works from college students on Mei An Granules and significantly increased brand awareness among young consumers in China.

In the second quarter of the year, the Group repositioned "Mei An Granules" (美安顆粒) to emphasize its efficacy in improving sleep quality by fostering effort on the test campaign in two pilot markets, Jiangyin City and Changshu City, Jiangsu Province, supported also by mass advertising on TV. Random customers sampling was carried out in these cities drawing satisfactory result on the efficacy of the product. The trial sale is expected to be extended to Eastern China in 4Q 2011 and across the country in 2012. In addition, the Group is going full steam ahead in the preliminary preparation for the launch of "Maishuping" (脈舒平). Once the Group obtains the approval from State Food and Drug Administration (SFDA) for the medicine certificate of post plant-relocation production of Maishuping, the Group will immediately commence for the production and sale of this new product.

In respect of the expansion of its pipeline products, a new product that helps relieve physical fatigue and improving memory has passed relevant tests at the Shanghai Disease Prevention and Control Centre in May this year, and lodged application to the SFDA. Another new product that aims to enhance skin condition and repair ageing skin is currently going through tests by the Shanghai Disease Prevention and Control Centre. Several new products are undergoing research and development process, including products designated to clear and nourish throat, brighten eyesight and protect eyes, promote digestion, etc.

During the reporting period, the Group has set up the Product Safety and Quality Assurance Centre, which is now running smoothly in the analysis and tests on the quality and safety of raw materials, semi-finished products and final products. The Group's in-house research and development department has also continued to seek for and undertake projects commissioned by international beverage and food companies for joint development, which also enables the Group to raise its profile in relevant research field worldwide.

As for the development of refined corporate management, the management of revenue, cost and expense, capital expenditure and working capital has been enhanced thanks to the establishment of a strengthened budget management system. The Group from time to time recruits talents and strengthens the functions of human resources, organization development, information technology planning and construction, while the construction works of the human resource system has been well in progress. The Group also carried out preliminary planning on its information system construction, with a view to increase the Group's operating efficiency.

Looking forward, Mr Zhao Yihong, the Chairman and Chief Executive Officer of the Group said, "In the second half of 2011, we will follow our established development strategies and corporate values to satisfy consumers' demand for pursuing health and healthy life-styles. Leveraging on our enhanced sales and distribution networks, and strong national brand name, we will work hard on maintaining sales growth of our major products and ensure successful launch of new products. Our experience and knowledge of the PRC regulatory requirements on health food products and pipeline of SFDA-approved products have also rendered us competitive advantages in bringing new products to the market. As the leading brand and provider of therapeutic tea products in China, we are determined to develop 'Besunyen' into a famous household brand of therapeutic tea, and bring promising returns to the shareholders of the Company."

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Besunyen Holdings Company Limited

The Group is a leading provider of therapeutic tea products in China, engaging in the development, production, sales and marketing of therapeutic tea and other health food products. The Group's products use exclusive formula and are manufactured with high quality traditional Chinese medicine and tea leaves, providing effective, safe, affordable and convenient to use health products for those with mild chronic or recurring health problems as well as those seeking to maintain a healthy body and lifestyle. The majority of the Group's sales turnover comes from the Group's two best-selling products, namely Besunyen Detox Tea and Besunyen Slimming Tea. Based on a survey conducted by China Southern Medicine Economy Research Institute, in 2010, these two products of the Group were both the leading products in the detox and slimming categories distributed through retail pharmacies in China. In terms of sales turnover, these two products accounted for a market share of 25.8% and 25.5% in detox and slimming category respectively in retail pharmacies in China. As of 30 June 2011, the Group's products were sold in about 123,000 retail outlets all over China, among which about 97% are retail pharmacies. The Group's distribution network covered about 429 distributors in 31 provinces, autonomous regions and Centrally administrated municipalities in China.

For further inquiries, please contact: iPR Ogilvy LTD.

Natalie Tam/ Tina Law/ Juliana Li / Jason Ho/ Cindy Cheuk

Tel : (852) 2136 6181/ 2136 6182/ 2169 0467/ 3920 7639/ 3920 7648

Fax : (852) 3170 6606

Email : natalie.tam@iprogilvy.com/ tina.law@iprogilvy.com/ juliana.li@iprogilvy.com/
jason.ho@iprogilvy.com/ cindy.cheuk@iprogilvy.com