

**【For Immediate Release】**



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

## **Besunyen Announces 2013 Annual Results**

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### **Net Loss Substantially Decreases**

### **Stable Growth in Revenue, Maintains High Profit Margin**

(17 March 2014— Hong Kong) – Besunyen Holdings Company Limited, a leading provider of therapeutic tea in China (“Besunyen” or the “Group”, stock code: 926) announced the annual results of the Group for the year ended 31 December 2013.

The revenue of the Group was RMB487.5 million in 2013, representing an increase of 2.6% compared with 2012. Gross profit increased from RMB392.1 million to RMB406.1 million, representing an increase of 3.6%. Meanwhile, the gross profit margin increased from 82.5% in 2012 to 83.3% in 2013. On the other hand, the total operating expenses (including selling and marketing expenses, administrative expenses, research and development costs) of the Group in 2013 were RMB503.4 million, representing a decrease of 27.1% compared with 2012. The Group recorded a net loss of RMB90.0 million in 2013 as compared to a net loss of RMB342.2 million in 2012. The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2013.

The Group adopted a strict control policy on bills receivables in recent two years, which resulted in the amount of bills receivables of the Group significantly decreasing by RMB34.6 million, which is from RMB34.8 million as of 31 December 2012 to RMB0.2 million as of 31 December 2013 so as to reduce the risk on bills receivables and strength the management on payment from distributors. In 2013, the Group operating cash flow net increased RMB9 million.

In 2013, the Besunyen brand maintained its leading status in the Chinese therapeutic tea products market. The Group has started to integrate its distributor network proactively since 2012 and also reducing channel management costs. In 2013 second half, optimisation of sales network of traditional channels was basically completed and the Group gradually provided more resources to high-quality distributors and retail terminals which have stable sales and which maintain sustainable room of growth. The Group also terminated co-operations with distributors with unsatisfactory performances and suspended services to retail terminals with poor sales results. As at the end of 2013, the number of the Group’s first class distributors was streamlined to 148

and the number of sub-distributors was streamlined to 630. Through our distributors and sub-distributors, we were able to serve around 125,000 retail terminals.

2013 was a year of striving and seeking changes and breakthroughs for Besunyen. In order to position the brand and to clearly deliver what the brand represents, we comprehensively amended the graphic designs on packages to present brand-new packages to consumers. Besunyen maintains brand image and has strict control on product quality for years, the “Besunyen and Device” has been identified as a “China Well-known Trademark” by the Trademark Office of the State Administration for Industry & Commerce of the People’s Republic of China in December 2013.

During the year, the Company has organizational structure changed internally in order to implementing flat organizational structure and utilising highly efficient management. Sales management system of the Group has been integrated from 7 districts and 27 provincial offices into 13 regions. The number of staff members and sales team of the Company were gradually optimised from 2,085 and 1,584 members at the beginning of the year, to 1,015 and 685 members at the end of the year, respectively.

Looking ahead, **Mr. ZHAO Yihong, Chairman and CEO of Besunyen**, said: “To maintain our long-term competitive advantages, we will continue to make investment in sales channels, brand building as well as new product research and development based on our own schedule. Meanwhile, we will closely monitor our expenses to ensure every single cent of expense will maximise the benefit of the Group.”

“As the requirements on production, sales and promotion of healthcare foods in China has become more stringent, and with our possession of knowledge required for the success in the healthcare product market, the brand reputation of Besunyen has been enhancing. We aim at developing “Besunyen” as a renowned brand in China, establishing our strong image of providing functional teas with the fundamental concept of herbal health, and enabling our consumers to experience the efficiency of our products within a green lifestyle.”

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**About Besunyen Holdings Company Limited (stock code: 926)**

Besunyen Holdings Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) are the leading provider of therapeutic tea in China, mainly engaging in the business of the development, production, sales and promotion of therapeutic tea.

In 2013, the majority of the Group’s turnover comes from the Group’s two bestselling products, namely Besunyen Detox Tea and Besunyen Slimming Tea. According to a survey conducted by an independent third party research organisation, these two products were the leading therapeutic tea products sold through retail pharmacies in China in the laxative and slimming products markets in terms of retail sales value in 2013, with a market share of 22.7% and 38.2% respectively.

Products of the Group use exclusive formulae and are manufactured with high quality Chinese herbal-based medicine and tea leaves, providing effective, safe, affordable and convenient-to-use health food products for those with chronic or recurring health problems, as well as those seeking to maintain a healthy body and lifestyle.

As at 31 December 2013, the Group’s distribution network covers 148 distributors and 630 sub-distributors in 31 provinces, autonomous regions and centrally administered municipalities in China. Through these distributors and sub-distributors, we are able to serve around 125,000 retail terminals, of which 94% are retail pharmacies.

Please visit the Company’s website <http://ir.besunyen.com/html/index.php>

Issued by Aries Consulting Ltd for and on behalf of Besunyen Holdings Company Limited.

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