

【For Immediate Release】



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

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Besunyen Announces 2013 Interim Results

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Net Loss Substantially Decreased

(19 August 2013 – Hong Kong) – Besunyen Holdings Company Limited, a leading provider of therapeutic tea products in China (“Besunyen” or the “Group”, stock code: 926) announced the interim results of the Group for the six months ended 30 June 2013. (“The period” or “The first half year”)

The Group revenue in the first half of 2013 was RMB251.8 million, representing a decrease of 22.6% as compared with RMB325.2 million for the same period in 2012. However, revenue of the Group in the first half of 2013 increased 67.8% sequentially if compared with revenue of RMB150.0 million in the second half of 2012.

The gross profit margin increased from 86.0% in the first half of 2012 to 86.1% in the same period of 2013. On the other hand, total operating expenses (including selling and marketing expenses, administrative expenses and R&D costs) of the Group in the first half of 2013 were RMB225.8 million, representing a decrease of 45.7% as compared with RMB415.7 million in the same period of 2012. Loss on disposal of a subsidiary was nil in the first half of 2013 (for the same period of 2012: RMB6.7 million). In addition, there was no impairment loss recognized in the first half of 2013 (for the same period of 2012: RMB20.3 million) with respect to property, plants and equipment. Due to these factors, the Group recorded a net loss of RMB4.6 million in the first half of 2013 as compared to a net loss of RMB167.6 million in the same period of 2012. The Directors do not recommend the payment of an interim dividend per share for 2013.

According to the survey released by China Southern Medicine Economic Research Institute (“SMERI”) in Feb 2013, the group is the No.1 leading provider of therapeutic tea products in PRC under the self-owned brands “Besunyen”. The Group enjoying a market share of 20.8% and 32.5% in laxative products and slimming products respectively in 2012. During the period, the Group has adopted different business strategies to maintain No.1 market share and achieved effective results.

The Group has developed its sales network with full coverage in all provinces, autonomous regions and centrally administered municipalities in Mainland China. In the first half of 2013, the Group took initiatives to restructure its sales organization across China, raising its work efficiency through a more streamlined sales management team. According to different market characteristics, the Group boosted

the efficiency of its distribution system by selecting distributors with well-developed sales networks and good distribution capacity, and also removed under-performing distributors from our list. The Group also paid close attention to retailing excellence through strong execution, and chose higher quality retailers.

As a result, the total number of distributors dropped from 384 as at 31 December 2012 to 309 as at 30 June 2013. The number of retail outlets covered by the Group distributors decreased moderately to approximately 126,000 as at 30 June 2013 (including around 118,000 retail pharmacies and some 8,000 supermarkets, hypermarkets and chain stores), compared with approximately 131,000 retail outlets as at 31 December 2012.

Besides enhancing the sales network of physical stores, the Group also has strategically developed the e-commerce business as a new sales and distribution channel to complement the existing retail sales network. The Group has well established its B2C and B2B platforms on its self-owned website 7cha.com and other websites like Tmall.com(天貓), 360buy.com(京東商城), Dangdang.com(噹噹網), Amazon.cn(亞馬遜), yihaodian.com (一號店) and Lefeng.com (樂蜂網), etc. Sales revenue generated from Tmall.com increased by over 25% for the six months ended 30 June 2013 as compared to the same period of 2012.

For long-term brand building, the Group continued to adopt multi-channel marketing and communication programs. To appeal to varying demographics, the Group carried out its “Three Screens” program utilizing advertising platforms on TV, the Internet and public transportation. The Group has proportionally increased the spending on Internet advertising and marketing to reach out to the younger generation, especially in those cities with high TV advertising costs. The Group has put fewer resources into satellite TV. Thus, total operating expenses (including selling and marketing expenses, administrative expenses and R&D costs) of the Group in the first half of 2013 recorded decrease of 45.7% to RMB225.8 million (2012:RMB415.7 million)

On the other hand, leveraging on the Group leading brand position in the therapeutic tea market and its innovative capabilities, the Group launched two new teabag products in June 2012 – the Chinese herbal tea series and the floral tea series. By June 2013, two new teabag products have further extended their footprint on major online sales platforms and into thousands of retail stores across East China.

The Group planned launch of new product- Maishuping, an OTC medicine teabag which helps stabilize blood pressure, is on track. In February 2013, the Group acquired a GMP certificate from the China Food and Drug Administration (“CFDA” 國家食品藥品監督管理局) for Maishuping’s teabag production. The Group has been refining the production process for Maishuping in order to realign with the higher standards set by the CFDA. Positioning and marketing strategies of Maishuping have been well in place.

Looking forward, **Mr. Zhao Yihong, the Chairman and Chief Executive Officer** of the Group said, “We believe that long-term trend of rapid urbanization and increasing disposable income in China will escalate consumer demand for health and healthy lifestyle products, in turn offering better long-term market potential for detox and slimming as well as other new products of the Group.”

“The Group will continue its efforts in selling, manufacturing and developing products that combine the modern methods of tea brewing in teabags with the self-cure functionality of traditional Chinese herbs. Our vision is to turn the Besunyen brand into a Chinese household name, promote its function in curing ailments of our customers and instill the enjoyment of a green lifestyle among them.” Mr. Zhao concluded.

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About 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 teas 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 convenience 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 Economic Research Institute in February 2013, 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 20.8% and 32.5% in the detox and slimming categories respectively in retail pharmacies in China in 2012. The Group’s distribution network covers over 309 distributors in 31 provinces, autonomous regions and centrally- administrated municipalities in China as of 30 June 2013.

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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