

SINPHAR's Code : 1734

SynCore's Code : 4192



® 杏輝醫藥集團
SINPHAR GROUP



SINPHAR PHARMACEUTICAL CO.,LTD

Investor Conference

2017/7/20

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Agenda

1. Group profile
2. Financial Performance
3. Market outlook
4. Business outlook
5. Corporate Social Responsibility

Group profile



1977

SINPHAR PHARMACEUTICAL CO.,LTD

Yilan (TW)

Generic drugs, Functional food, Cosmetic

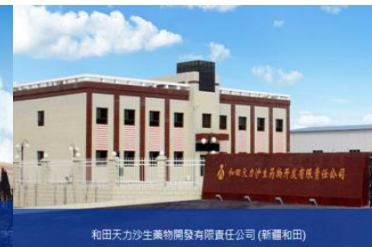


2002

Sinphar TianLi, He-Tian Tianli

Hangzhou (CN) · Xinjiang(CN)

Generic drugs, Chinese herbal medicine, Plant extracts



2012

ZuniMed Biotech

Nantou(TW)

Medical Supplies



1997

CanCap Pharmaceutical

Vancouver(CA)

Generic drugs, Functional food



2008

SynCore Biotechnology

Yilan(TW)

New drugs development

Main Business

- **Therapeutic Medicine**

Tablet, ointment, liquid (external use), liquid(oral), eye drops, hard capsule, soft capsule, suppository, granule and injections for oncology.

- **Functional Foods**

tablet, hard capsule, soft capsule, granule and powder, liquid(oral), jelly candy and pastilles.

- **Natural Resources and TCM**

Development of natural resources and Traditional Chinese Medicine, cultivation and technical development such as Cistanche Tubulosa and Fuling.

- **Medical Supplies**

Eye drop bottle, tablet bottle, syrup bottle and drying bottle.

- **Sales and Marketing**

Professional business team and a completed services coverage.

- **Technical Services**

OEM/ODM for pharmaceutical, food supplement and cosmeceutical product, lab testing services (including pharmaceutical, food supplement and cosmetic).

- **Professional manufacturing services**

PIC/S GMP certified(Taiwan and CanCap) : Pharmaceutical plant, Injection plant, Supplement plant, Cosmetic plant; ISO15378 certified medical packaging site(Taiwan); Natural herbs extraction plant(Hangzhou); cultivation plant(Xinjiang).

- **New Drug Development**

New Chemical Entity (SB01 and SB02), Treatment of Genital Warts (SB03), Dry Age-Related Macular Degeneration (SB04), Positively Charged Liposomal New Drug For Triple Negative Breast Cancer and Pancreatic Cancer (SB05), Botanical New Drug (STA1 and STA2), SPA1.



Services Background

- **Completed sales channel(Taiwan)**

1. Have a long term cooperation with Medical Center, Regional Hospital, Teaching Hospital, Local Hospital and Clinics.
2. 1300 Sinphar counters.
3. Cooperation with chain stores.

- **A long term OEM/ODM cooperation with International firms.**

- **A solid team**

1. 4 Professors; 20 Doctors; 118 Masters.

- **Precise Facilities**

Labs for multi dosages, TCM labs, Microbiology labs, Cell and molecular biology labs, Inspection labs.

- **Professional manufacturing**

1. Obtain PIC/S GMP, ISO 9001, ISO 17025, ISO 14001, ISO 22000 and OHSAS18001 accreditations, also pass Japan PMDA for GMP Inspection.
2. Pharmaceutical plant : From product development, contract manufacturing, registration, patent control to market strategy planning.
3. Food Supplement plant : Provide multi dosages such as tablet, capsule/soft capsule and functional supplement powder in can. From formula and manufacturing design 、spec setting and active ingredient Assay, offer a package service to meet the market demand.
4. Injection Center : Produce injections, solid dosage, hormone dosage for cancer treatment , the film coated dosage site is the only closed cytotoxic site that certified by TFDA in Taiwan ; the second plant is the only cytotoxic injection plant which operate with automatic Isolator in Taiwan.
5. Cosmetic plant : Shampoo, shower gel, toner, body cream, sun block, serum.

Recent Events

2016

- SynCore Biotechnology announces the new developing drug, SB05 (EndoTAG®-1), are approved by Taiwan and Australia FDA to conduct phase III clinical trial on TNBC.
- Sinphar expanded plant, cytotoxicity film coated tablet, passes Department of Health PIC/S GMP evaluation. It is the first in Taiwan to use full-pressure system cytotoxic solid agent manufactory system.
- Sinphar expanded plant, injection(sterile), passes Department of Health PIC/S GMP evaluation. It is the first in Taiwan to use Isolator to produce cytotoxicity injection manufactory system.
- Sinphar Tian-Li Pharmaceutical plant extracts laboratory completed construction.
- SynCore Biotechnology and Switzerland Y-YBar signed contract to develop diagnose of eye disease precision instruments.
- Sinphar medicine and Yilan County Government's Food Safety and Inspection Center signed cooperation memorandum.

Recent Events

2017

- Sinphar medicine and Kyowa Chemical Industry Co. (KISUMA) signed registration contract to exclusively introduce sales of Sinphar counters.
- SynCore Biotechnology SB05(EndoTAG®-1) received US FDA approval to conduct phase III clinical trials in pancreatic cancer.
- SynCore Biotechnology SB01 published “A Phase I Dose Escalation Study of SCB01A, a Micro-tubular Inhibitor with Vascular Disrupting Activity, in Patients with Advanced Solid Tumors Refractory to Standard Therapy ” at American Society of Clinical Oncology, ASCO

SynCore Biotechnology Co., Ltd

NU Drugs	Possible Applications	status	Pre-Clinical	Phase I	Phase II	Phase III	Marketed
Oncology New Chemical Entity							
SB01	Head and Neck Cancer		小分子治療頭頸癌試驗中新藥				
SB02	Solid Tumor		口服劑型抗癌試驗中新藥 (可能適應症: 肺癌、胃癌..等)				
Nanotechnology							
SB05TNBC	Triple Negative Breast Cancer		治療三陰性乳癌試驗中新藥				
SB05PC	Pancreatic Cancer		治療胰臟癌試驗中新藥				
Ophthalmology New Dosage							
SB04	Age-related Macular Degeneration		治療老年性乾式黃斑部病變試驗中新藥				
Dermatology New Botanic Drug							
SB03	External Genital Warts						

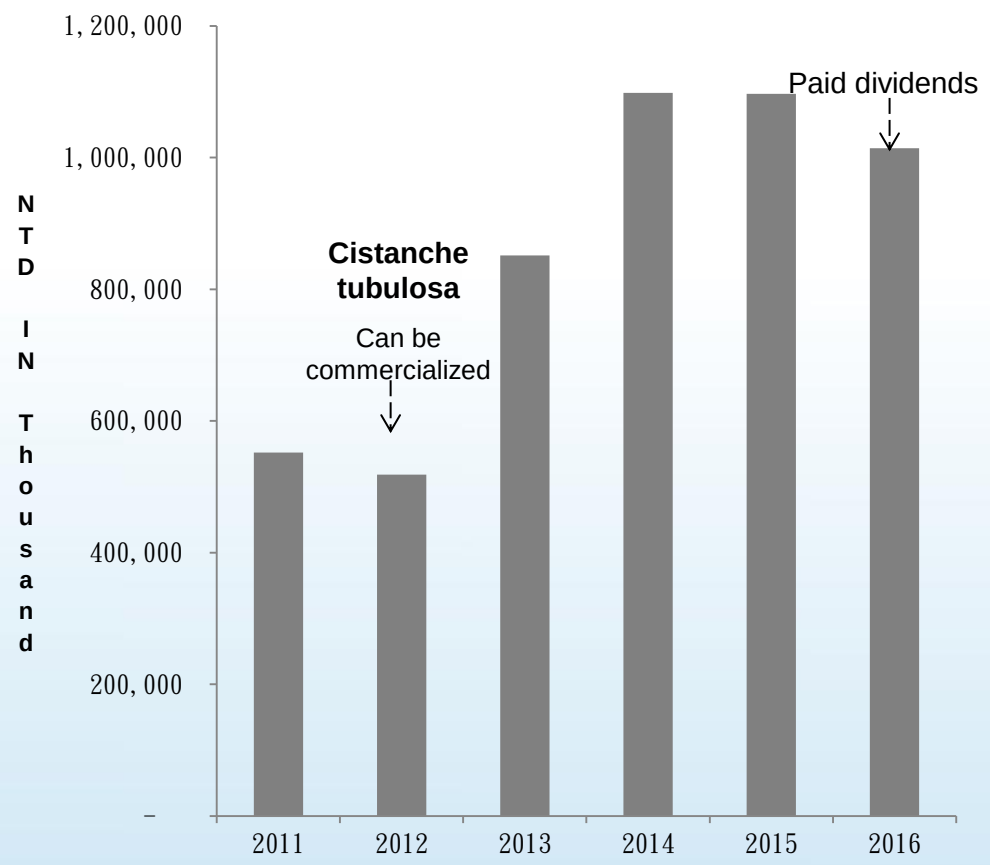
	SB01	SB02	SB03	SB04	SB05
Status while obtain	Pre-clinical	Pre-clinical	NDA (Germany、the US)	Complete Ph I (the US)	EMA PhII
Current Status	Ph II Study Permitted in Taiwan and the US	Pre-clinical	Got TFDA certificate, already in the market	Ph II/III Permitted in Taiwan	Triple Negative Breast Cancer :Taiwan、Belgium、Australia Ph III permitted
					Pancreatic Cancer: Ph III permitted (the US)

Sinphar TianLi (Hangzhou) Pharm.

Develop TCM and natural resources by controlling material source and market the outcome globally.

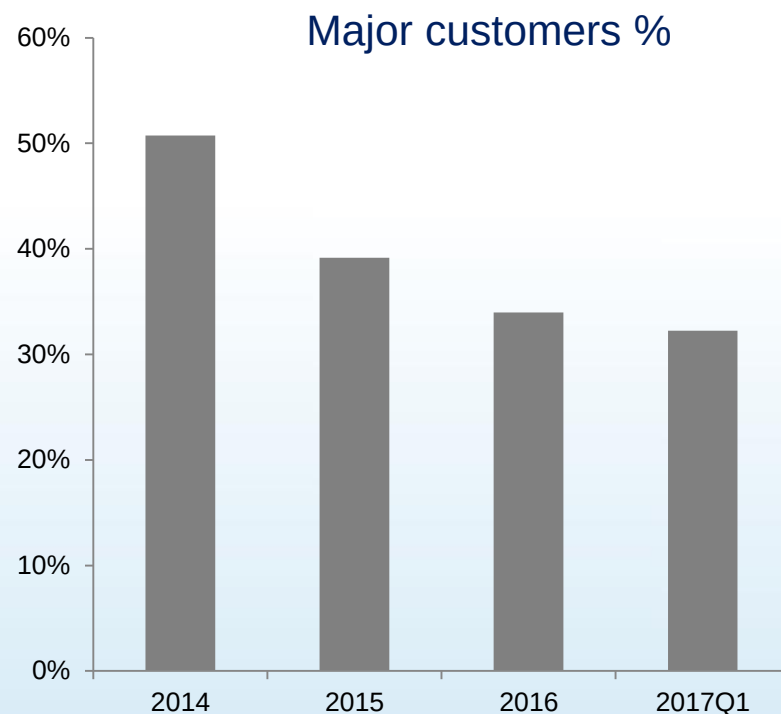
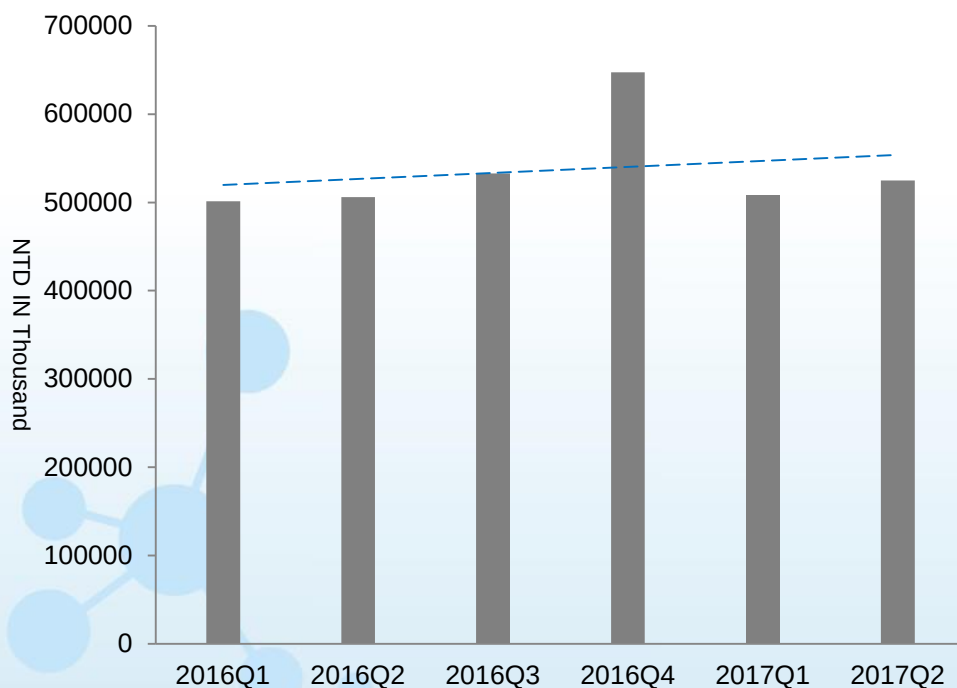


Net book value



Consolidated revenue

Revenue in Q2 2017 is increased 2.5% than Q2 2016, the dependence of major customers is gradually lower down.



Remark : Data from Q2 2017 is not yet been reviewed by CPA.

Consolidated key P&L items

NTD in Thousand

	2017Q1	2016Q1	2016
Revenue	508,089	501,366	2,133,511
Gross Profit	36%	37%	37%
S&M	-73,094	-78,900	-319,519
G&A	-51,414	-60,460	-229,947
R&D	-89,121	-85,620	-382,605
Profit before Tax	-37,071	-39,426	-34,924
Net income (loss) attributable to: shareholders of the parent	-8,826	-16,435	16,545
EPS(Basic)	-0.05	-0.10	0.10

With clear progress directions,
control every expenditure reasonably.

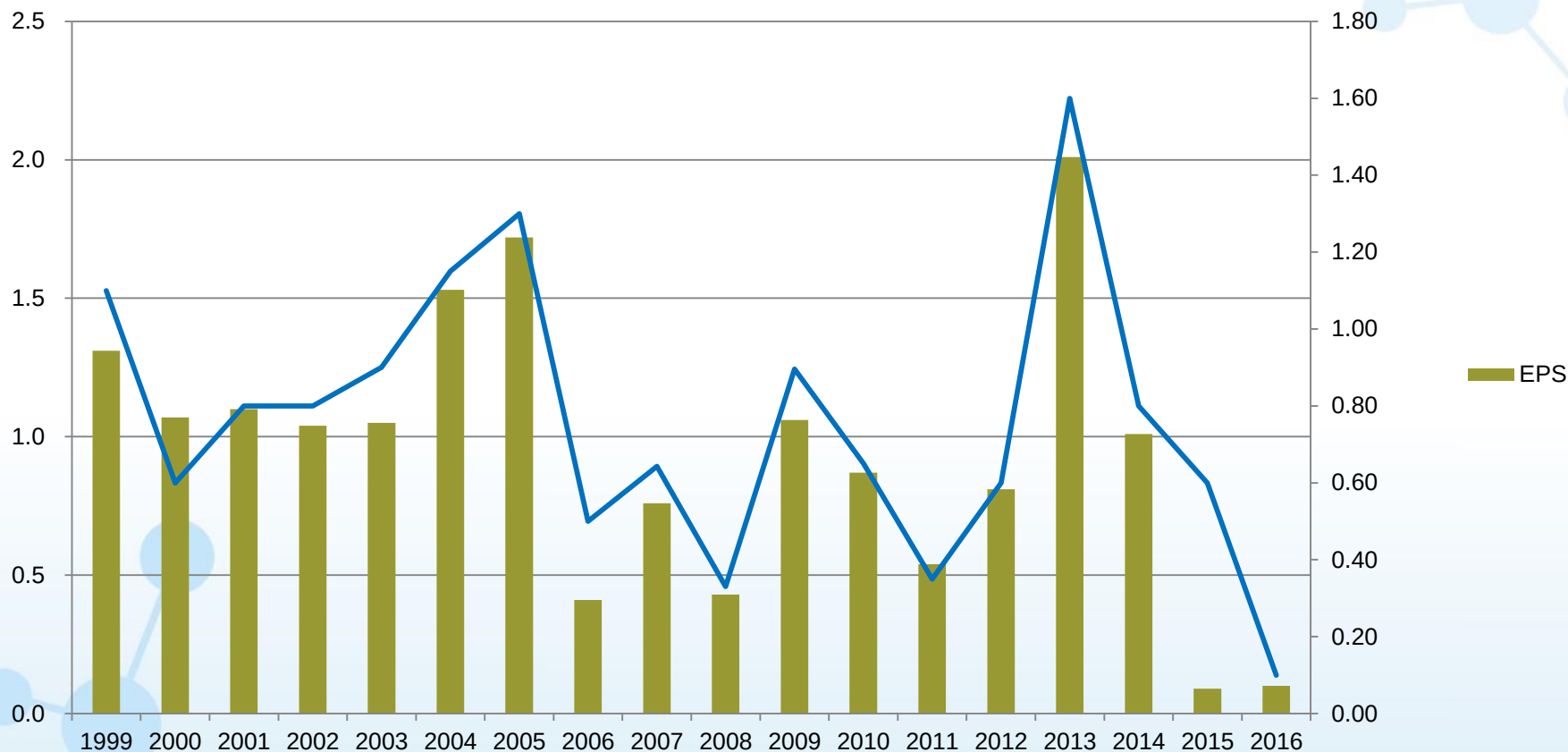
Consolidated key cash flow items

NTD in Thousand

	2017Q1	2016Q1	2016
Inventories	18,351	(8,516)	85,995
Net cash generated by operating activities	20,634	12,167	87,184
Property, plant and equipment	(43,645)	(53,187)	(210,619)
Net cash used in investing activities	-55,412	-121,476	-13,199
Net cash generated by (used in) financing activities	-11,305	-13,796	130,687
Cash and cash equivalents, end of year	1,033,020	796,401	1,094,920

With clear progress directions,
control inventories and properties investment reasonably.

Earnings, and Dividends Per Share



Despite market condition and whether have New Drug Investment, have earned shares and dividends annually.

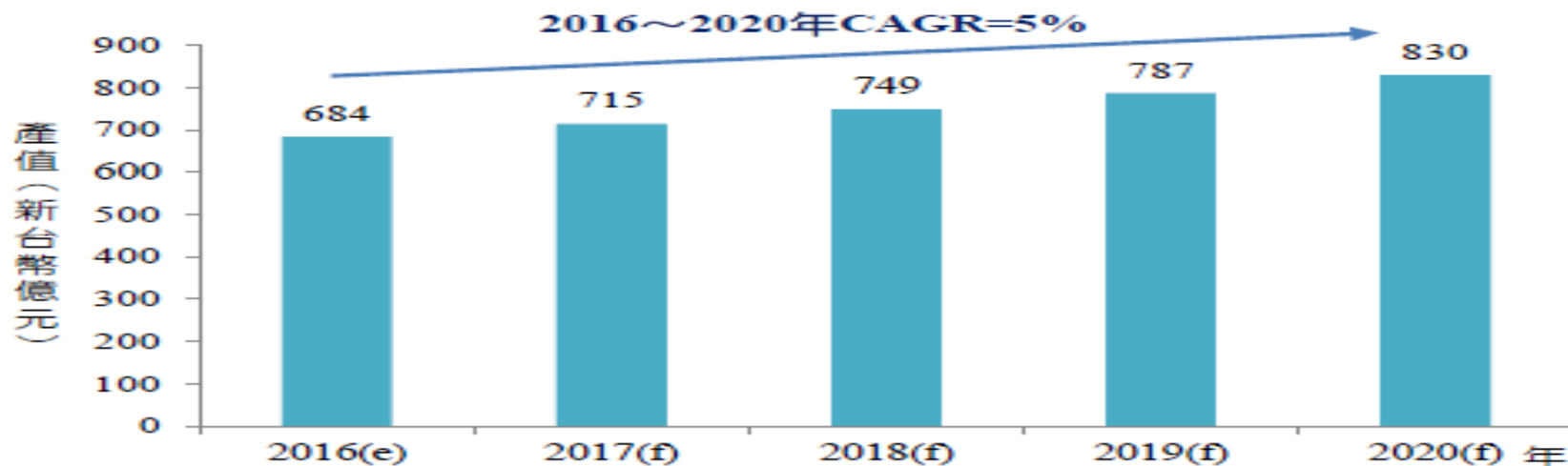
Overview of domestic market

2011~2016 年我國製藥產業之產值統計及推估

單位：新台幣億元；%

項目	2011 年	2012 年	2013 年	2014 年	2015 年	2016 年 (e)
原料藥	272.9	261.7	306.8	241.1	185.7	198.7
西藥製劑	340.9	349.8	353.0	351.8	368.3	381.8
生物藥品	12.3	13.6	11.8	14.0	10.6	10.8
中藥製劑	74.5	76.4	79.6	86.8	88.8	92.7
製藥產業總計	700.6	701.5	751.2	693.7	653.4	684.0
製藥產業成長率	1.0	0.1	7.1	-7.6	-5.8	4.7

資料來源：經濟部統計處工業產銷存動態調查；DCB 產資組 ITIS 計畫整理、推估



資料來源：DCB 產資組 ITIS 計畫

Overview of domestic market



- **Aging society**

In end of February 2017, total population is 23.54 million, population above 65 year old is 3.139 million, it is 13.33% of total population. This is the first time higher than the population under 14 year old (3.133 million), the ratio of elder population is gradually climbing.

- **NHI price adjusting**

This is the key factor of a rising drug market or not. For example in 2015, National Health Insurance Administration lower down 6,821 items of drug, it caused 5.3% an average reduction therefore minimized the growing.

- **PIC/S GMP implementation**

Number of firms are decreasing, limit is higher, cost is rising.

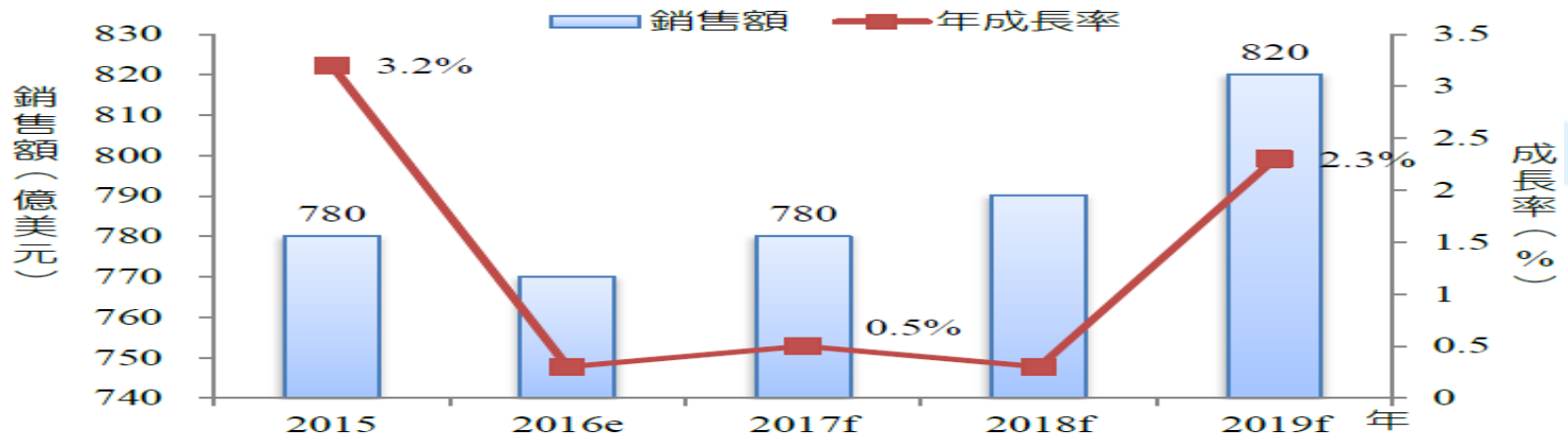
- **Competitive foreign pharmaceutical companies**

Before 2015, market share of top 20 manufacturers was 66.2%, there were only three domestic manufacturers.(Before 2014, market share of top 20 manufacturers was 67%, market share in 2014 is 67.4%)

- **Exportation is the focus of future development**

In 2015 exportation has increased 12%, western medicine will be the main target in manufacturing industry in next five years.

Market outlook (Japan)



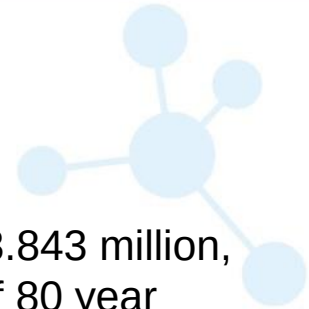
資料來源：IMS Health；DCB 產資組 ITIS 計畫整理

2015 年日本銷售前 10 大藥品類別

單位：百萬日圓；%

藥物類別	銷售額	成長率
抗腫瘤製劑	820,323	9.7
腎素－血管收縮素系統作用藥	567,489	-7.1
糖尿病用藥	512,923	6.4
全身性抗菌藥物	497,127	125.3
抗血栓製劑	469,909	6.6
血脂調節劑／抗粥狀動脈硬化用藥	402,685	0.6
制酸劑／抗腹脹／抗潰瘍用藥	389,788	-1.9
免疫抑制劑	364,561	7.5
氣喘及慢性阻塞性肺病用藥	331,951	4.6
眼科用藥	326,491	8.7
合計	4,683,247	7.1

資料來源：IMS Health；DCB 產資組 ITIS 計畫整理



Market outlook (Japan)

- **Aging society**

In 2015, the population is 130 million. Population of 65 year old and above is 33.843 million, stands 26.3% of total population. In that, there are 10.02 million of population of 80 year old and above.

- **Cost of medical treatment is huge**

In 2015, cost of medical treatment stands 10.2% of the GDP, GDP is 3,419 US dollars. (In Taiwan, cost of medical treatment stands 6.3% of the GDP, GDP is 1,409 US dollars.)

- **Government welcome generic drugs**

Government keeps lower down the medicine price in order to control the medical treatment cost. Estimate in 2020 the control can reach to 80%:20%.

- **Outsourced medicine R&D and manufacturing**

As the production cost is still high to the in-land manufacturers plus the medicine price is getting lower, there are more cases been outsourced to oversea manufacturers.

- **In alliance with oversea market**

Since the domestic growth is slow and manufacturing cost is high, more cooperate with oversea manufacturers and export to South East Asia.

Business outlook

1. Preventive medicine : Develop and promote New functional food supplement.
2. Cancer injection : Cooperation and exportation business with Oncology Center.
3. Plant extracts : Develop patent extraction into international market.
4. New drugs : Focus on R&D and investigate different indication to strengthen product differentiation in the market and its profitability.
5. International strategy : Business cooperation with firms from China, Japan, ASEAN and North America.
6. Resource Integration : Use current resources to develop step by step, create cooperation in order to expand or optimize total value.

Corporate Social Responsibility I

1. Promote social care , medical prevention and health education

- Host health forum, biotechnology camp. Combined medical, academia, and biotechnology community to set up an interaction platform. Also, cultivate talented personnel.
- Continually to sponsor Breast Cancer Foundation, Taiwan Cancer Foundation, Taiwan Alzheimer's Disease Association, Spinal Cord Injury Foundation, The Diabetes Association of the Republic of China (Taiwan), Taiwan Yilan Association of Diabetes Supporters, and Youngsun Culture & Education Foundation.
- 1,300 Sinphar Counters in Taiwan join Taiwan Alzheimer's Disease Association's Dementia Friendly Business.

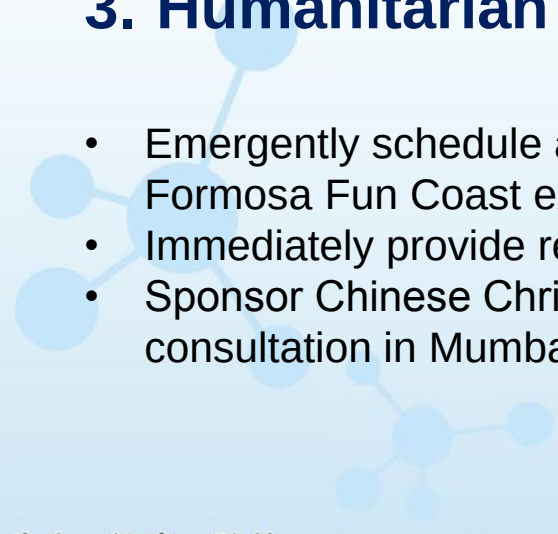
Corporate Social Responsibility II



2. Support education and sports continually.

- Sponsor World Badminton Athlete, Tai Tzu Ying(戴資穎).
- Team up and anticipate in Yilan Toucheng Township's and Pingtung Hengchung's Cianggu (The Grappling with Ghosts) Competition.
- Sponsor Yilan High school's soccer, basketball team.
- Sponsor Yilan Chung Dau High School baseball team.
- Sponsor National Ilan University gymnastics team.
- Sponsor to set up Sinphar Hope Elementary School (China Xinjiang Yutian County).

3. Humanitarian Support



- Emergently schedule and produce scald medicine (Silverzine Cream) to hospitals for Formosa Fun Coast explosion patients overnight.
- Immediately provide resource support to Southern Taiwan earthquake disaster in 2016.
- Sponsor Chinese Christian Medical Mission's dentist service group for volunteer medical consultation in Mumbai, India.



Q & A

- 
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 - Investor Services : Chen, Shu-Hsia ◦ (02-27603688 # 2237)