

Chi Sheng Pharma Biotech Co., Ltd.

(Previous name: Chi Sheng Chemical Corporation)

2019 Investor Conference

Presented by President Tung-Mou Su & Factory Director Li-Chu Wei

Disclaimer

- ☆ This presentation material contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed by such statements.
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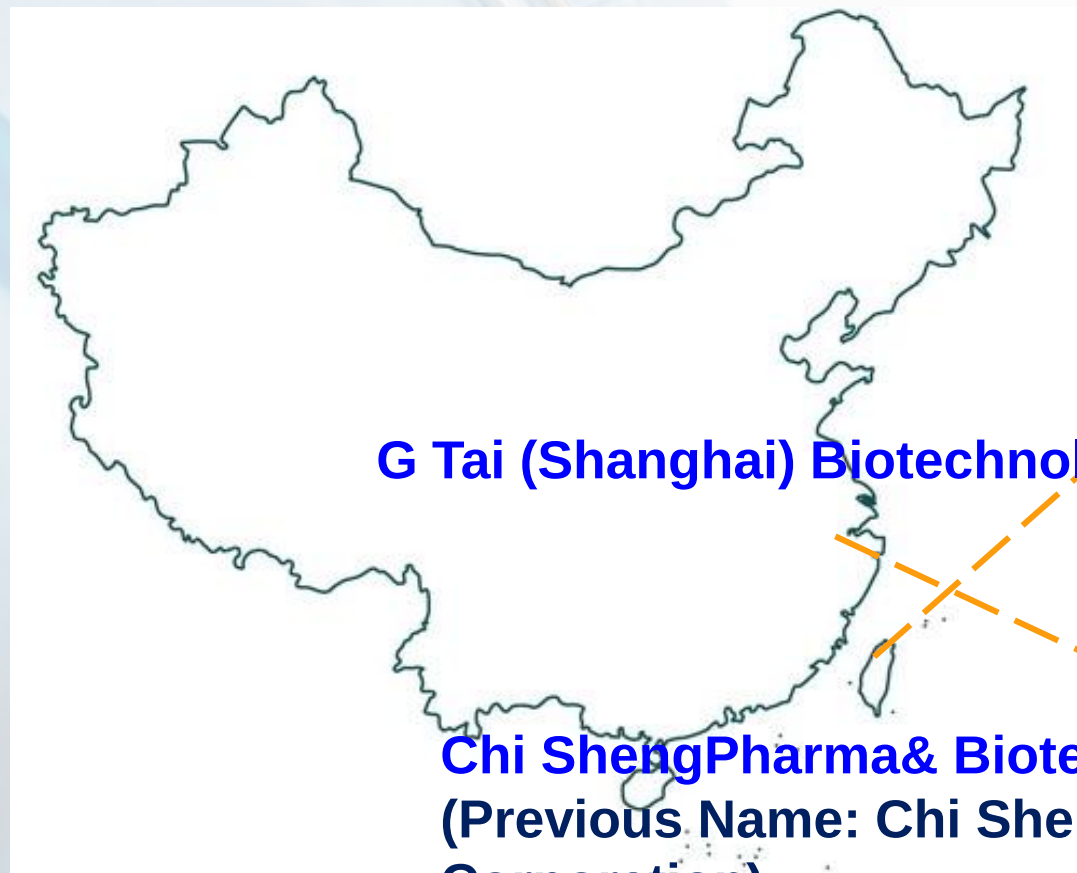
Outline

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- 2 Business Review
- 3 G-Tai(Shanghai)Biotechnology Limited
- 4 Chi Shang group Future Prospect

1

Company Profile

Company Profile



G Tai (Shanghai) Biotechnology Limited

Chi ShengPharma& Biotech Co., Ltd.
(Previous Name: Chi ShengChemical Corporation)



濟泰(上海)生物科技有限公司
G Tai (Shanghai) biotechnology Limited



Overview

- 1 **Chi Sheng Pharma & Biotech Co., Ltd.**
(Previous Name : Chi Sheng Chemical Corporation)
- 2 **Stock Code : 4111**
- 3 **President & GM : Mr. Tung Mao Su**
- 4 **Capital : NT\$ 569,829,850**
- 5 **Business Scope : Manufacturing of Pharmaceuticals, Medical Devices, Skin Care and Health Care Products; OEM; and Sales**

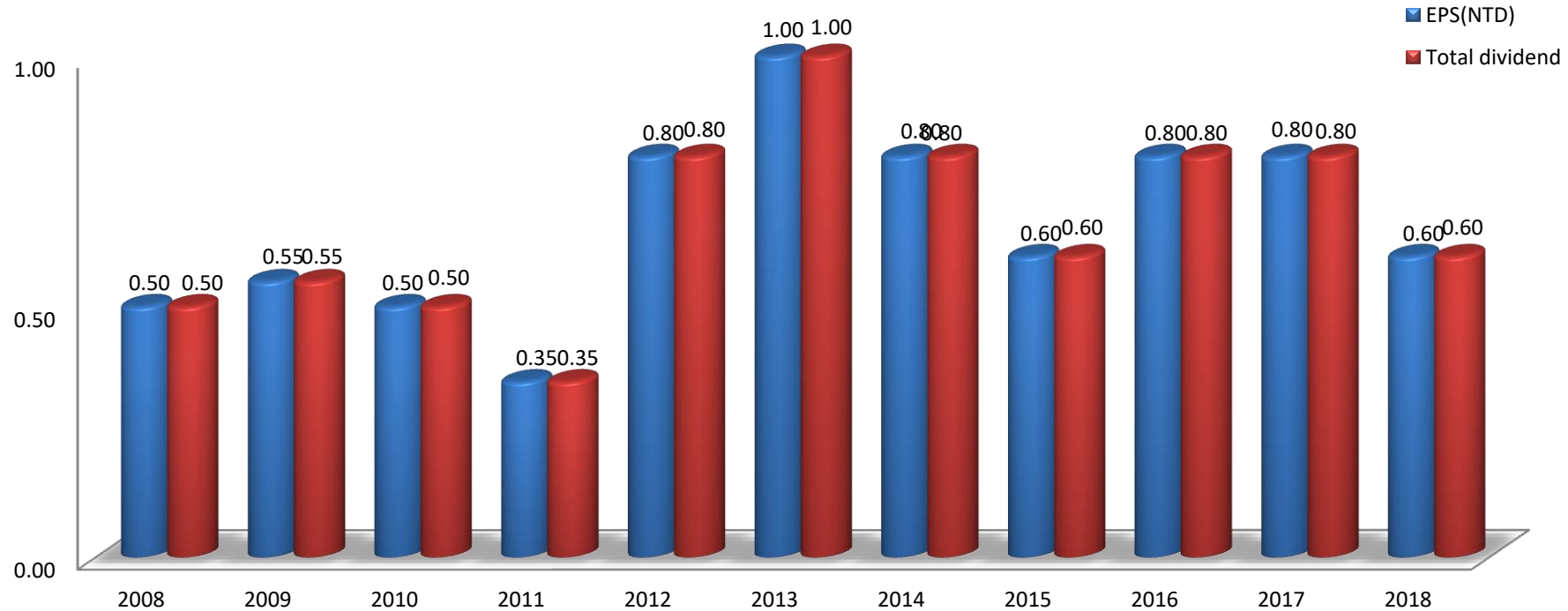
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Business Review

Sales Performance



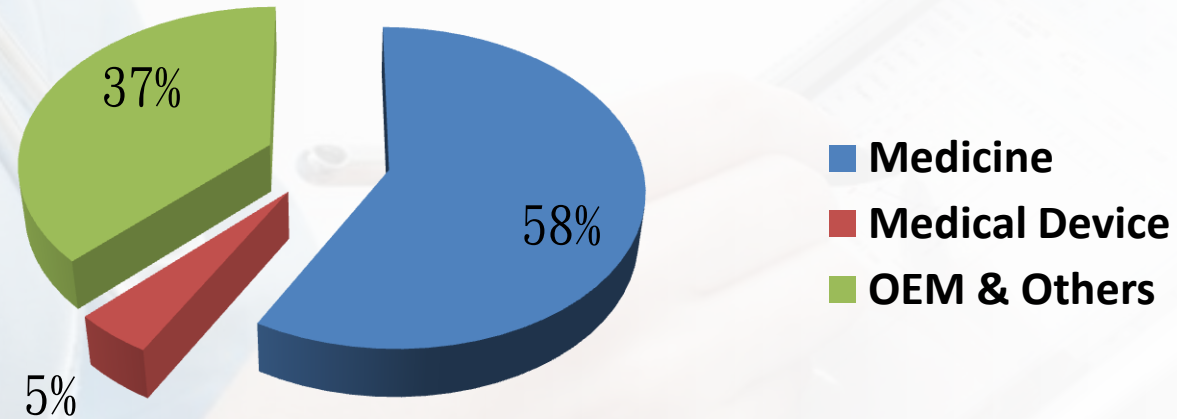
EPS & Dividends



Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cash dividends	0.47	0.3	0.3	0.35	0.4	0.5	0.4	0.6	0.8	0.8	0.6
stock dividends	0.03	0.25	0.2	0	0.4	0.5	0.4	0	0	0	0
Total dividend	0.5	0.55	0.5	0.35	0.8	1	0.8	0.6	0.8	0.8	0.6
EPS(NTD)	0.63	0.72	0.63	0.49	1.41	1.83	1.33	0.68	1.28	1.43	0.74

Sales Percentage by Item

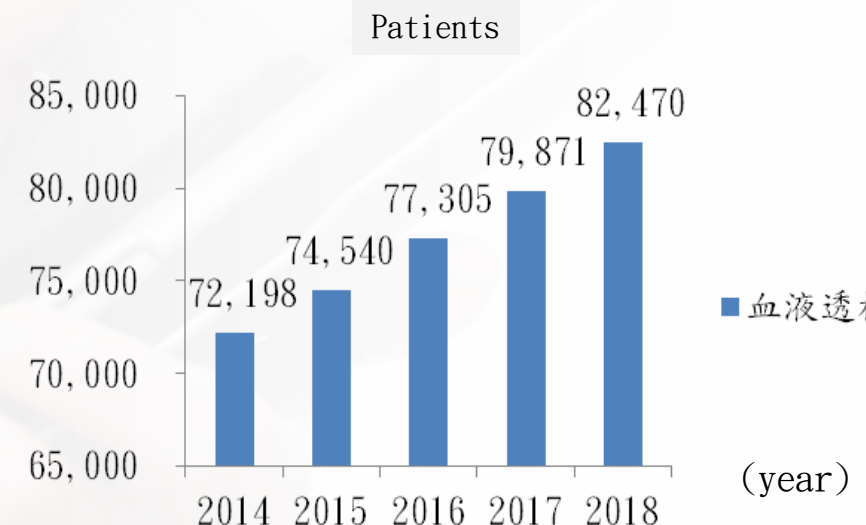
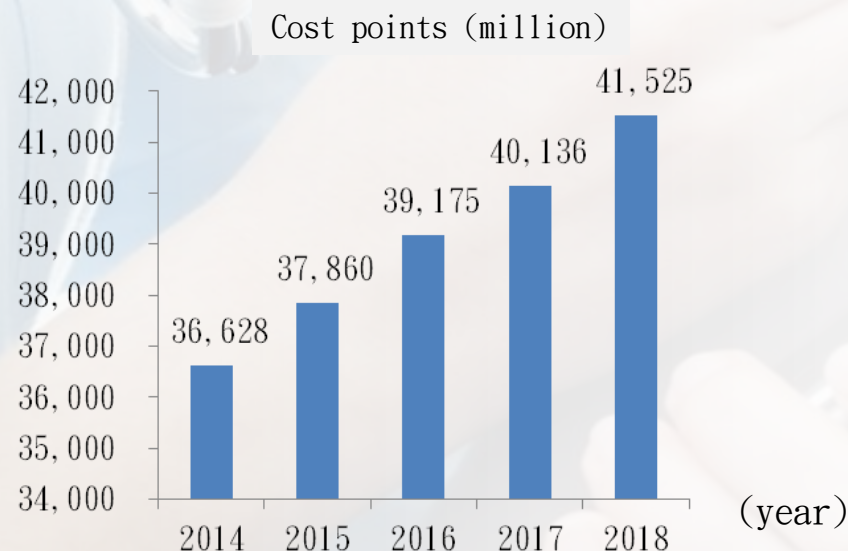
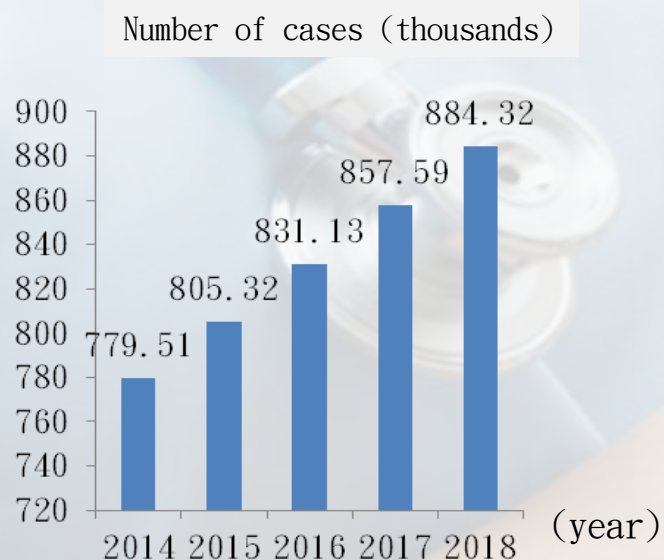
Sale percentage of 1Q-3Q' 19



Business items	1Q-Q3' 19(NTD: thousand)	Sales percentage
Medicine	439, 927	58%
Medical Device	33, 756	5%
OEM & Others	282, 575	37%
Net Income	756, 258	100%

Dialysis market and medical utilization overview

National Health Insurance Department statistics, 2018 to pay chronic kidney disease up to 513. 780 million, accounting for nearly seven percent of total health insurance, the first cost for all single diseases, and dialysis to reach 90,000 people, spending four or four nine a year. Four hundred and six hundred million, including hemodialysis 82000 people, peritoneal dialysis of 7600 people, the average annual health care per dialysis patients nearly 500,000 billion, a record high.

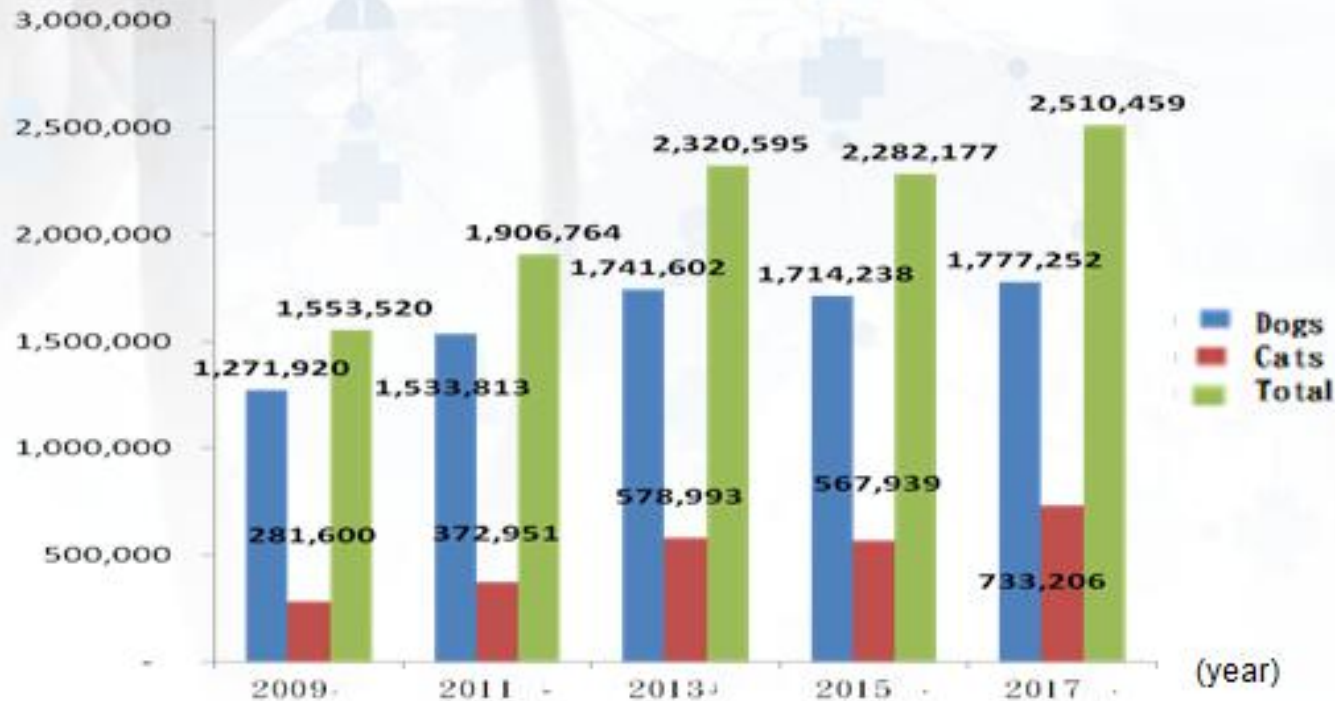


Note: The number of cases, cost points, and medical treatments grow at an average rate of 3% per year.

Source: National Health Insurance Administration

Pet medication business opportunity

According to the statistics of the Council of Agriculture, the number of cats and dogs kept in the country has exceeded 2.5 million. With the increase in the population of pets, the market size of pet drugs has grown year by year. Therefore, the company also lists animal drugs as market sales. Items that can be used in animal medicine include nutrient infusions and topical liquids.



Overseas market expansion

Overseas market development

Targeted market	Treatment field
Outer Mongolia	Nutritional supplements, treatment of patients with ascorbic acid and multivitamin B deficiency, hormone preparations.
Thailand	Anti-bacterial infection injection.
Malaysia	Peritoneal dialysate.



Chi Sheng Beauty Tour Factory

More and more tourists come to visit Chi Sheng Tour Factory, after opening new tour factory mall in October, 2018.



New health supplement for elder

**Fish chondroitin
Type II collagen**



Glutathione * Collagen

Diamond-grade formula helps sleep, regulates physiology

Maintain health, Promote metabolism, Beauty



高純度98%
幫助入睡。



促進膠原蛋白形成。
有助於傷口癒合，維持
細胞排列的緊密性。
促進體內結締組織、
骨骼及牙齒的生長。
鐵的吸收，具抗氧化作用。



特級魚之膠原蛋白。
高溶解性。
小分子好吸收。
養顏美容，青春美麗。



類超氧化物歧化酶
(SOD-like)，幫助
健康維持，變美補腦



Strategy of research

Type		Items of New Product
Drugs	Injection	●Injection products for antimicrobials. ●Antiemetic injection for chemotherapy-induced nausea and vomiting. ●Injection products for Peripheral vascular dysfunction. ●Injection products for dialysis patients.
	Solution for hemodialysis	A series of products for hemodialysis.
	Solution for External Use	Disinfectant.
Type		Items of New Product
Dietary Supplements		Children's vitamin supplements
		The regulation of Women's physiological function
		Joint supplements products for senior
Type		Items of New Product
Cosmetic		A series of whitening and sunscreen products.

3

G Tai (Shanghai) Biotechnology Limited



The analysis of china's important policy



In first half-year 2019, the amount of major policies is few than previous years. Depend on the announcement were made from different departments, the management objects and directions are also different. According to the aspects of influence are different, it's divided into four categories to elaborate:

Registration and Approval - Relaxation

- Medical Devices Registration Administration.
- The electronic declaration of registration.

Centralized Procurement - Strict

- National Healthcare Security Administration take over Centralized Procurement.
- Perfecting procurement's policy.
- Medical Consortium Construction Pilots.
- DRGSpilot program.
- Zero-profit.
- Antitrust.
- Two-votes system.

Market sales - changeable

- Abolish the policy of mark-up.
- Performance evaluation.
- The development of Private Medical Institutions and clinics.

Circulation and Supervision – Regulations

- Management of medical supplies & Data reporting.
- Uniform code & Unique Device Identification.
- The platform of Enterprise Supervision.



Overview and analysis of China market



With the closing meeting of the second session of 13th National People's Congress on March 15 in 2019, Ke-qiang Li made important instructions on China's medical work. **NPC deputies and CPPCC members from the medical device industry proposed a number of suggested proposals for the development of the medical device industry.**



Procurement of drugs with target quantity is relying on “the Consistency evaluation of Quality and Efficacy, and china 's high-value consumables industry is still weak. Currently, there are no uniform coding system and standard for evaluation, nor scientific method to distinguish different quality levels.



The update frequency of high-value medical consumables is high, when a new generation of products goes on the market, Doctors need to train through long time and accumulate experience to successfully perform surgery. If medical consumable's vendor replaced the products that doctors are already familiar with, it will affect the quality of surgery.



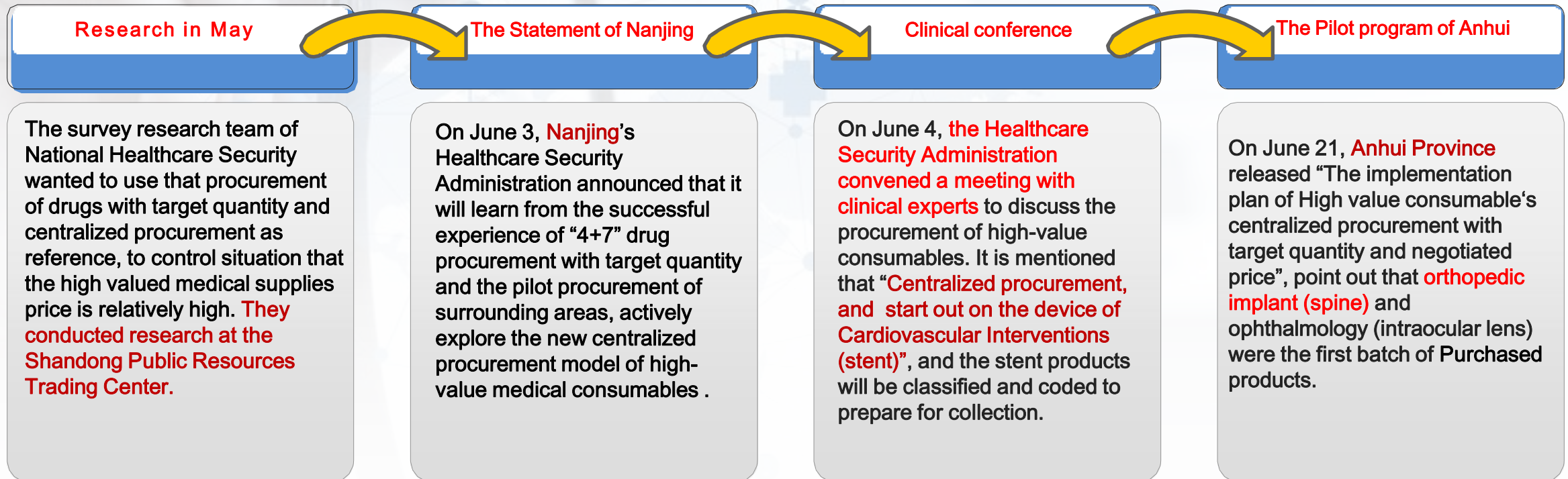
When the development of domestic Corporations could compete with Multinational Corporation , on the basis of the procurement of drugs, after summarizing experiences that social benefits and economic benefits, especially health economics, to evaluate the feasibility of purchasing high-value consumables. First, Organizing a pilot program which select **a small range of some products and some regions** to explore. **Low prices are not the primary considerations.** Gradually improving policies that high-value consumable's **medical insurance payment, pay back, supply guarantee.**



Procurement of drugs with target quantity & Centralized procurement



After the implementation of the “4+7” Procurement of drugs with target quantity, the discussions that the policy of 4+7 high-value consumables is imperative are gradually rising in industry. From the country to local, the plans of consumable’s controlling expenses and downgrade has been escalating. From those signals, the range of policy of the procurement with target quantity seems expend to high-value consumables.





Overview and analysis of China market



In 2017, the market of Hemodialysis Consumables reached **158.24 hundred million** in china , with **a year-on-year growth of 15%**. As the demand of hemodialysis consumables are increasing, the market size will maintain growth in future.

2011-2017 The Blood Purification consumable Market and growth in china
(hundred million ,%)





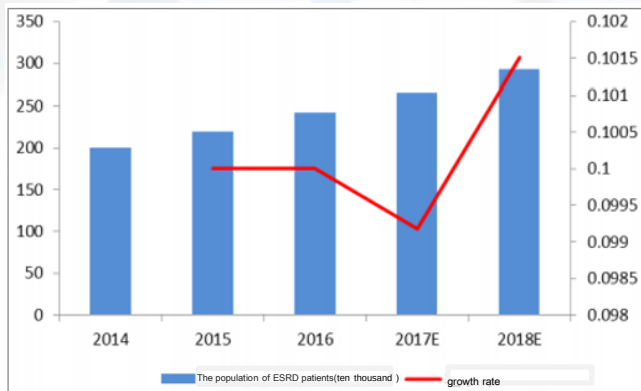
Overview and analysis of China market



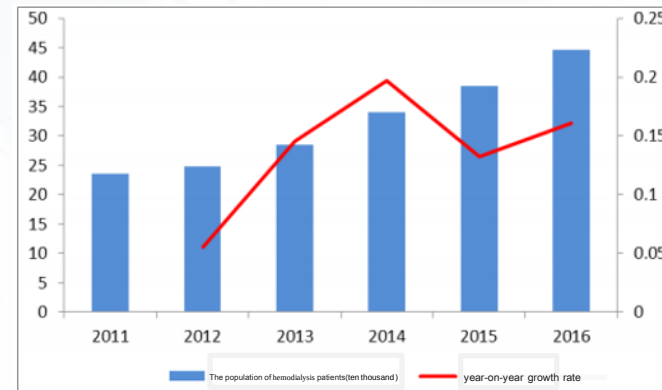
According to the data of China Industry Information Network, the population of ESRD patients increased by years. The number of ESRD patients was 200 ten thousand in 2014 and 220 ten thousand in 2015. It is estimated that the population of ESRD patients will reach 293 ten thousand in 2018. The Compound annual growth rate is **10.02%** in four years.



From the registered information of the Chinese National Renal Data System , the Population of patients who have undergone hemodialysis is about 50 ten thousand in 2016, and accompanied by the average annual growth rate of 15-20%.



The growth rate of ESRD population in china



The growth rate of hemodialysis patients in china

Source: 《 China Industry Information Network 》 , 《Chinese National Renal Data System》



2016 Open Hemodialysis Center was established



China National Health and Family Planning Commission announced in December 2016. Notice on Printing and Printing the Basic Standards and Management Regulations of the Hemodialysis Center (Trial) - National Health Medical issue [2016] No.67



The government began to gradually reduce the requirement to establish an independent hemodialysis center, encourage social capital to enter the field of hemodialysis centers, and develop into chain and group.



At present, there are nearly 5,000 hemodialysis centers on the market, and more than 95% of them are public. From the overall positioning, even if there are more than 10,000 in 5 years, the newly added 6000-7000 are at least 70%-80% is private.

医政医管局

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动态

您现在所在位置: 首页 > 最新信息 > 医疗资源 > 动态

国家卫生计生委关于印发血液透析中心基本标准和管理规范（试行）的通知

发布时间：2016-12-21

国卫医发〔2016〕67号

各省、自治区、直辖市卫生计生委，新疆生产建设兵团卫生局：

为贯彻落实《国务院关于促进健康服务业发展的若干意见》（国发〔2013〕40号）和《国务院办公厅关于推进分级诊疗制度建设的指导意见》（国办发〔2015〕70号）等相关文件要求，进一步完善医疗服务体系，推进区域医疗资源共享，我委组织制定了《血液透析中心基本标准（试行）》和《血液透析中心管理规范（试行）》。现印发给你们，请遵照执行。现就开展血液透析中心设置工作提出以下要求：

- 一、设置血液透析中心等医疗机构对于实现区域医疗资源共享，提升基层医疗机构服务能力，推进分级诊疗具有重要作用。各省级卫生计生行政部门要充分认识这项工作的重要意义，切实加强组织领导，完善配套政策，确保工作顺利开展。
- 二、血液透析中心属于单独设置的医疗机构，为独立法人单位，独立承担相应法律责任，由省级及以上卫生计生行政部门设置审批。
- 三、各级卫生计生行政部门要将血液透析中心统一纳入当地医疗质量控制体系，认真组织开展医疗质量管理与控制工作，确保医疗质量与医疗安全。加强对血液透析中心感染管理，严格落实医院感染管理相关规范与制度，降低医院感染风险。
- 四、鼓励血液透析中心向连锁化、集团化发展，建立规范化、标准化的管理与服务模式。对拟开办集团化、连锁化血液透析中心的申请主体，可以优先设置审批。
- 五、血液透析中心应当不断提升技术能力与应急处理能力，与区域内二级及以上综合医院建立协作关系，为血液透析急性、慢性并发症患者提供转诊、会诊等服务，保障医疗安全。

各省级卫生计生行政部门要定期总结工作经验，及时将工作进展情况报送我委医政医管局。

联系人：医政医管局 胡柯、胡瑞荣、王薇
电话：010-68791885
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邮箱：bmaylzye@163.com

国家卫生计生委
2016年12月21日



Overview of Shanghai G-Tai Company



2010

01



2013

02



2014

03



2016

04



After 2019

08



2018

07



2018

06



2017

05



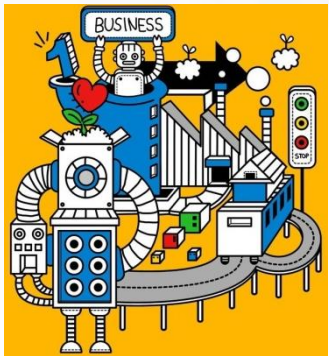
Equipment Upgrades



The G-Tai obtained the production license from March 28, 2018. After market research, the original research equipment (Manual equipment) can not meet the demand of mass production. Therefore, upgrade the original equipment and clean workshop to “Automatic production equipment”.



June, 2018



Start Selling in May, 2019

01



January, 2019

02



February, 2019

03

06



April, 2019

05



March, 2019

04



Expansion of Business

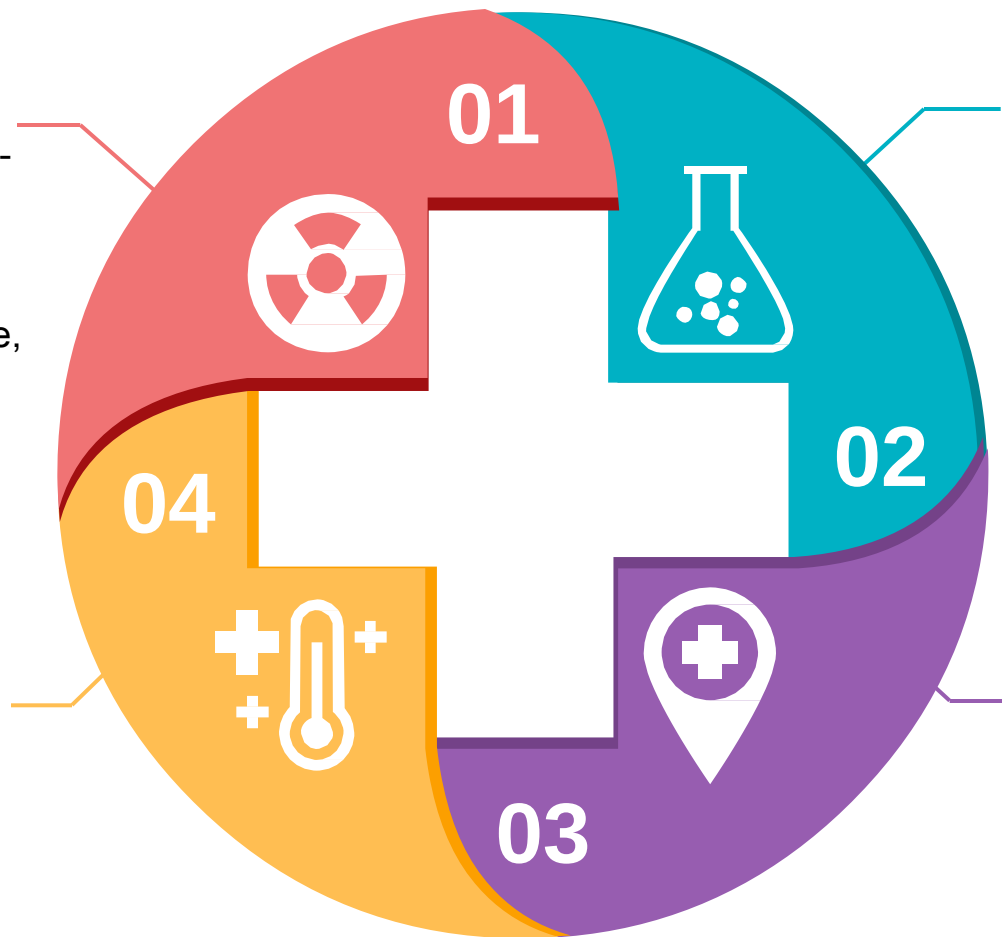


Market area

Since the Chinese Hemodialysis Center is still a public hospital, the location of G-tai is located in Shanghai, which is the center of Shanghai; in the beginning, G-Tai focus on Jiangsu, Zhejiang, Anhui, Jiangxi and other provinces. In the future, G-Tai will expand to entire country.

Business expansion

- Actively participate in various types of bidding business.
- Cooperate with related dealers for sales.



Sales appeal

- Mainly from leading brands in Taiwan.
- The price of local brands but the quality of imported products.
- Patented formula makes clinical use more convenient and safe.
- Patented process extends clinical hemodialysis machine life.

Proposed advantage price

Market research and pricing strategy: based on market research and medical insurance information, set the dominant price.



Sales overview



The current distribution
of Sales area :

Shanghai
Jiangsu Province
Anhui Province
Hubei Province
Shandong Province
Guangxi Autonomous
Region



China gradually pay attention to patents



01 Increase in patent applications

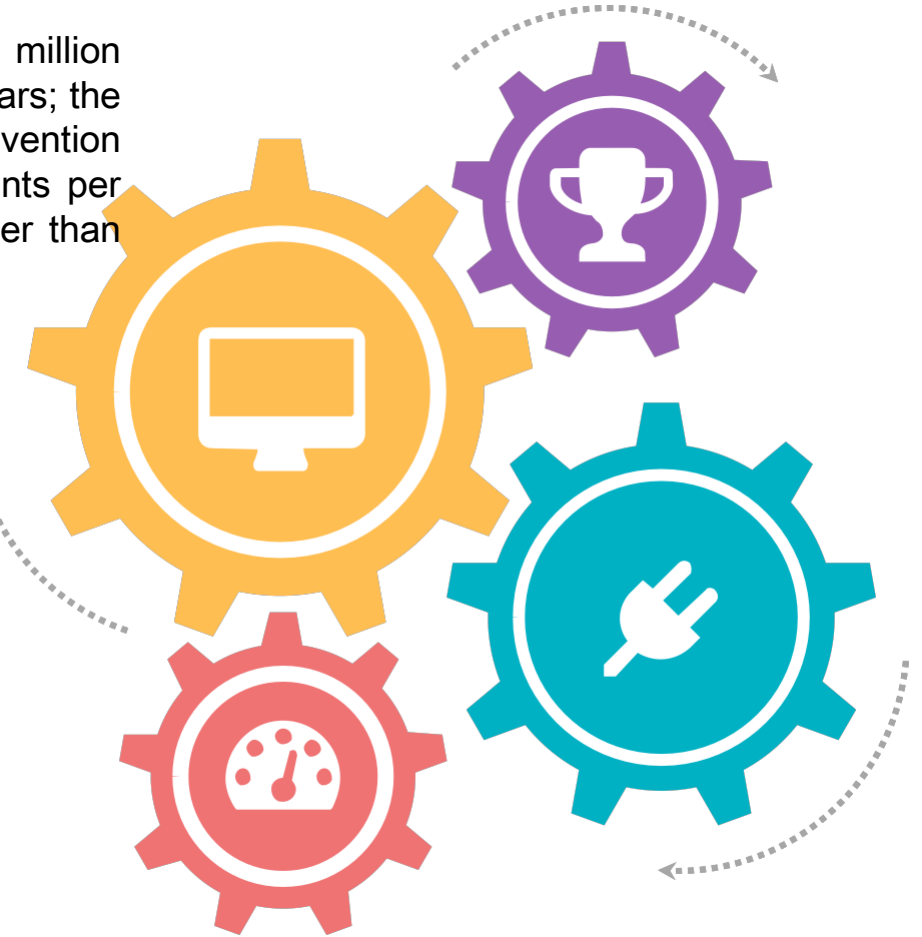
In 2016, the State Intellectual Property Office accepted a total of 1.339 million invention patent applications, ranking first in the world for six consecutive years; the patent application structure was further optimized, and the proportion of invention patent applications exceeded 36%. In 2016, the number of invention patents per 10,000 population in China reached 8 pieces, which was significantly higher than the 3.23 pieces in 2012.

02 Strengthening the enforcement of infringement

The State Intellectual Property Office strengthened the administrative enforcement of patents, cracked down on patent infringement and counterfeiting of patents; at the same time, it actively carried out the work of patent enforcement and rights protection in exhibitions. Statistics show that the total number of patent administrative law enforcement cases in 2016 reached 48.916 million, a year-on-year increase of 36.5%. The number of patent law enforcement cases in the field of e-commerce was 13,123, an increase of 71.4% year-on-year.

03 Additional economic benefits

The amount of patent pledge financing reached 43.6 billion yuan, and the funds raised by the first-phase IPR operating funds of various key industries amounted to 4.28 billion yuan. The economic benefits of patent application have become increasingly prominent, and the contribution to economic and social development has been outstanding.



4

Chi Sheng group's future prospects



Future Prospects of G-Tai



Expand a Product Line

Increase the dialysate formulation in response to market demand, and introduce mother company dialysis products.

Channel Placement

Expand the dialysate sales channel through strategic alliance with dialysis vendors, and actively participate in bidding and related regulations



Patent application

Enhance the professional field and product uniqueness, and continue to propose more patent applications

Diversified development

Seeking OEM and technical services, and actively participate in relevant medical conferences to increase product exposure.



Future Prospects of Chi Sheng



Product development

Developing high clinical value drug, such as new compound drugs and new drugs class 2 (New Unit Strength).

To strengthen and enrich dialysis product line over-the-counter (OTC) drug.

Cooperating with export agents to accelerate the progress of drug inspection and registration in overseas countries.

Developing dietary supplement products for regulation of blood sugar, women's health and supplement of vitamin D₃.

Market arrangement

The sale of dialysis products and increase the channel sales for Hemodialysis unit.

The expansion of animal drug market.

Striving for opportunities that cooperate with international pharmaceutical company . Developing overseas customers through export agents, and build medium- and long-term cooperation relationship with them.

Increasing the tourism factory awareness and product diversity, and cooperating with the travel industry to increase visitor numbers.



Thanks for listening