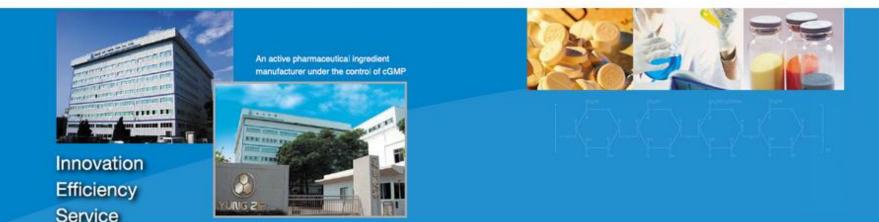


Yung Zip Chemical Ind. Co., Ltd.



Investors Relations Conference 2018

Sep. 12, 2018



www.yungshingroup.com

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Agenda

Company Introduction

Financial Performance Overview

Business Development



Agenda

Company Introduction

Financial Performance Overview

Business Development



Company Introduction: Philosophy Continuous creation, Innovation learning; pursuing breakthroughs Service Effectiveness Accelerating progress; Perfecting quality and customer service strengthening the **business**

Providing the best pharmaceutical products;

Improving the health of human beings.



Company Introduction-Yung Zip Chemical



Yung Zip Chemical Ind. Co., Ltd. was established on 8th June 1978

 Professional manufacturer of APIs, Intermediates and CMO

• Number of DMF of API: 35

• Number of API inspected by U.S. FDA : 6

• Number of U.S. FDA DMF and EU DMF: 15

• Number of TFDA GMP Certificates: 13



Company Introduction-Yung Zip Chemical



manufacturer to obtain the GMP certificate issued by Taiwan FDA

KFDA inspection

Achieved TFDA **PIC/S GMP** Certification

U.S. FDA 9th inspection



Agenda

Company Introduction

Financial Performance Overview

Business Development



Statement of Comprehensive Income

(in NT\$ thousand)	Q2'18 (Reviewed)	Q1'18 (Reviewed)	QoQ	Q2'17 (Reviewed)	YoY
Operating Revenue	78,508	70,884	11%	79,436	-1%
Gross Profit	11,337	12,624	-10%	9,084	25%
Gross Margin	14%	18%		11%	
Operating Expenses	20,549	18,461	11%	22,174	-7%
Operating (Loss)	(9,212)	(5,837)	58%	(13,090)	-30%
Operating Margin	-12%	-8%		-16%	
Other Rev. (Exp.)	3,069	(1,840)	267%	406	656%
Net Income Before Tax	(6,143)	(7,677)	-20%	(12,684)	-52%
Net Income After Tax	(6,143)	(5,917)	4%	(12,684)	-52%
Net Margin After Tax	-8%	-8%		-16%	
EPS	-0.14	-0.14		-0.3	



Statement of Comprehensive Income

(in NT\$ thousand)	1H'18 (Reviewed)	1H'17 (Reviewed)	ΥοΥ
Operating Revenue	149,392	152,338	-2%
Gross Profit	23,961	18,437	30%
Gross Margin	16%	12%	
Operating Expenses	39,010	40,541	-4%
Operating (Loss)	(15,049)	(22,104)	-32%
Operating Margin	-10%	-15%	
Other Rev. (Exp.)	1,229	(3,491)	135%
Net Income Before Tax	(13,820)	(25,595)	-46%
Net Income After Tax	(12,060)	(25,595)	-53%
Net Margin After Tax	-8%	-17%	
EPS	-0.28	-0.6	



Balance Sheet

(in NT\$ thousand)	2018/6/30 (Reviewed)		2017/6/30 (Reviewed)	
Cash and Cash Equivalents	11,829	2%	24,749	5%
Receivables	78,147	13%	70,562	13%
Inventories	123,652	21%	78,147	14%
Long-term Investments	122,523	20%	75,703	14%
Property, plant and equipment	216,161	36%	257,562	48%
Other assets	45,164	8%	30,616	6%
Total Assets	597,476	100%	537,339	100%
Current Liabilities	114,561	19%	90,106	17%
Non-current Liabilities	27,056	5%	19,174	3%
Total Liabilities	141,617	24%	109,280	20%
Total Shareholders' Equity	455,859	76%	428,059	80%



Cash Flow

(in NT\$ thousand)	1H'18 (Reviewed)	1H'17 (Reviewed)
Cash and cash equivalents at beginning of period	29,673	44,024
Cash flows from operating activities	(10,767)	(7,126)
Cash flows from investment activities	(7,077)	(12,149)
Cash and cash equivalents at end of period	11,829	24,749



Agenda

Company Introduction

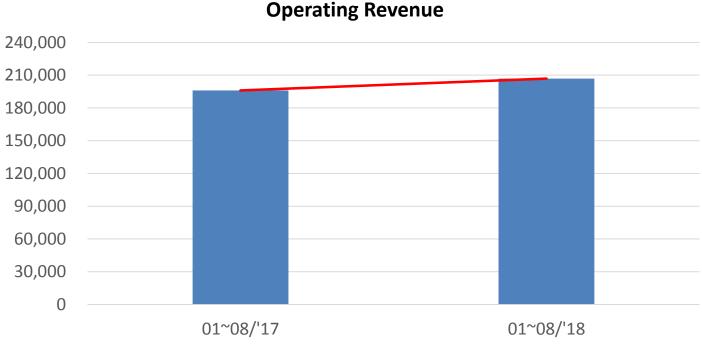
Financial Performance Overview

Business Development



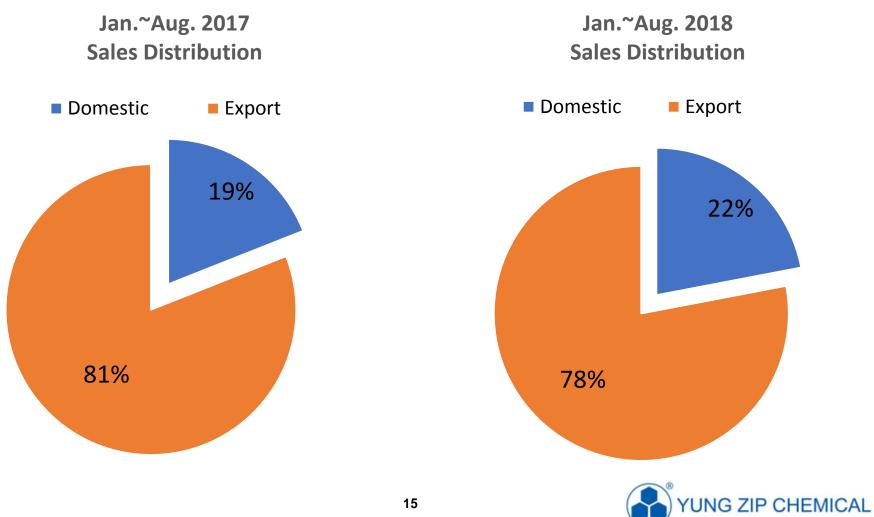
Jan.~Aug. Operating Revenue (2017 VS 2018)

(in NT\$ thousand)	01~08/'17	01~08/'18	YoY	
Operating Revenue	196,017	206,793	5%	



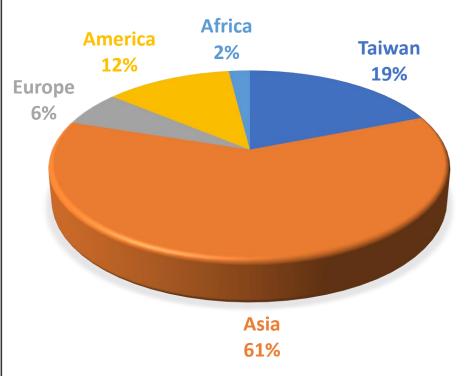


Sales Distribution

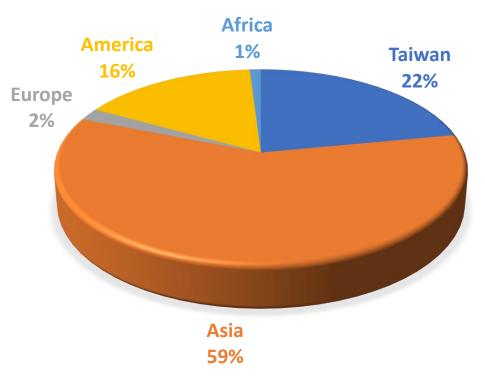


Export Business Distribution

Jan.~Aug. 2017 Export Business Distribution



Jan.~Aug. 2018 Export Business Distribution





Sales Distribution by product category

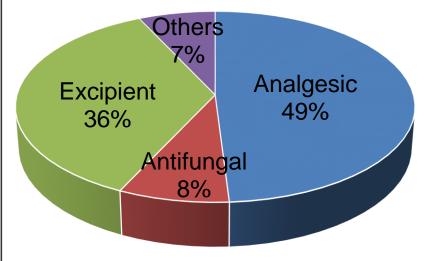
Period: Jan.~Aug. of indicated year

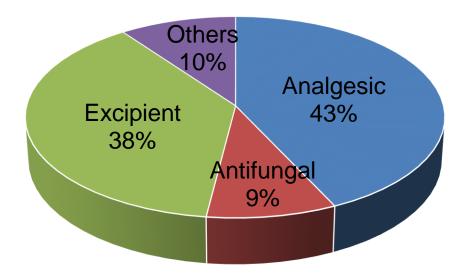
2017

- Analgesic
- Antifungal
- Excipient
- Others

2018

- Analgesic Antifungal
- Excipient Others

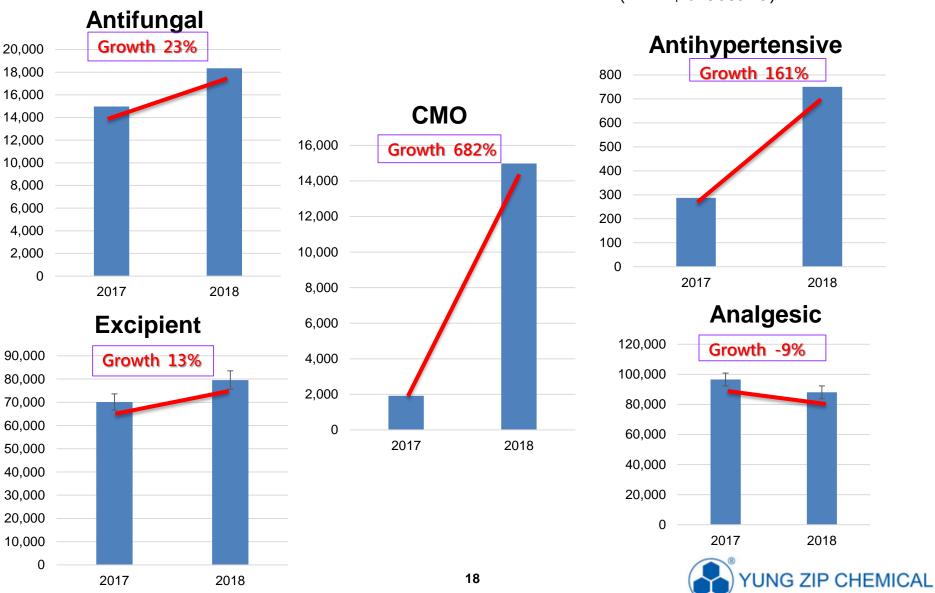






Growth of Sales Volumes

Period: Jan.~Aug. of indicated year (in NT\$ thousand)



Market Changes and Trends

Due to environmental policy shifts in China, API and intermediate manufacturers have been forced to relocate, close or halt production, creating supply chain disruptions.

Production limits are in effect from Oct. to Mar. each year in China (expected to become routine for next few years), leading to instability in API supply.

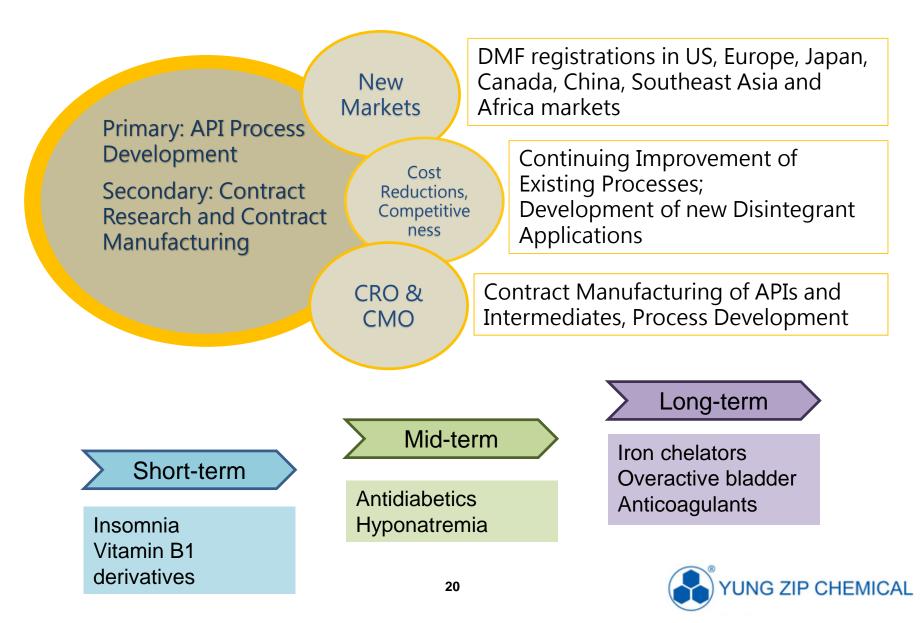
Quality problems at API manufacturers in China and India have led to serious warnings from US and European authorities.

Due to above described supply and quality issues, the market has begun to shift to procurement from and cooperation with Taiwan and South Korea.

19



New Product Development Strategy



2018 New Product Development Plan

	Туре	Product	Indication	Area	Market of Area (FDF) (USD)	Market of World (FDF) (USD)
	Short-term					
Φ	API	ZPT	Insomnia	USA / TW	195.4 M	771.6 M
	API	TDS	Vitamin B1 Deficiency	JP/TW	20 M	200 M
	Mid-term					
	API	GMR	Diabetes	USA	60.9 M	1291.3 M
	API	TVP	Hyponatremia	JP	357.8 M	533.3 M
	Long-term					
	API	DFX	Iron overload	JP/TW	185 M	1042.8 M
	API	MRG	Overactive bladder	JP	298.3 M	1527 M
	API	RVB	Anticoagulant	JP	1006.6 M	7690.5 M

Data source:: Thomson Reuters Newport Premium[™] Data







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Thank You for Your Attention!





For Reference



Company Introduction – Audit History

US FDA First Inspection! 1990 • US FDA 1992 • US FDA 1995 • US FDA \leq 1997 MHME ACCEPTABLE 2000 US FDA 2001 US FDA. KFDA 2007 MHRA **PMDA** 2009 • IPEA 2011 • US FDA 2012 PMDA . IPEA Audited and Approved by 2013 **US FDA** 6 international authorities! 2015 **PMDA** 2017 **US FDA** • 2018

G ZIP CHEMICAL

- US FDA Food and Drug Administration MHME – Ministry of Health and Medical Education(IRAN)
- PMDA Pharmaceuticals and Medical Devices Agency(JPN)
- IPEA International Pharmaceutical Excipients Auditing, Inc.
- KFDA Korea Food and Drug Administration
- MHRA Medicines and Healthcare products Regulatory Agency (UK)



Accreditation

KOSHER

HALAL



FDA U.S. FOOD & DRUG

August 14, 2018

Dear Mr. Lin:

Mr. Ching Hwang Lin No 59, Yu Shih Road

Dajis District, Taichang City 43267 Tainan

IPEA

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Placing the OU logs on products not listed above constitutes a	m unartherized use of the OU s	ymbul, which is a f	ederally registered trademark.
Weinselm II. An ch Rabbi Manuchan Ganada, Rabbinis Administrator, CEO Electro Broadway - New York, NY 19994 - (2)	2) 613-8382 - Fas: (212) 613-0	54 - Email: Koshe	This certification is valid through 1231/2018 Page 1 of 1 rf.ctier@cu.org - www.cokober.org



MHRA





The U.S. Food and Drug Administration (FDA) conducted as trappetition of Yang 22 Company, Lud., FEI 3002503548, located at No.59, Yu Shih Rood, Youth Industrial District, Tainburg Chy, 43107 Taiwan, from 6/25115 to 6/2018, FDA has determine classification of this faulty is "voluntary admin and advand" ("VAT). Based on this distribution of this faulty is "voluntary admin advande" ("VAT). Based on this

tions, or hims: Jorova file

parties is "slosof" under 21 CPR 20.64(d)(3), and we are enable he Establishment Impection Report (ERI). It may reflect robus fundation of Information Act (POIA) and 21 CPR part 20. This, where arking a information under POIA. If you have any questions regarding this letter, you may contact Kevin Genzelez via telephone at 240 402-0355 or small at huma complexities to any

> MAR Kevin Gonzalez Branch Chief

U.S. Food and Drug Admini Office of Republicity Affairs 12420 Iterativen Dr. Rockellin, MD 20852





CERTIFICATE OF GOOD MANUFACTURING PRACTICE Inter Date: April 6, 201

I following an impection in accordance with Article 57 of the Pharmaceutical Affairs and relevant Regulations of the Republic of China (Taiwan). tint authority of the Republic of China confirms the following: historer: Yang Zip Chemical Ind. Co., Ltd. ur. 59, 61, You Shih Rand, Youth Industrial Dismict, Dajia, Taichang, Taiwan 43567,

r's licence number: (C30012017

of medicinal products that has been imported with the I prolient: Acyclovie, Clonidine HCI, Dicholesse Epolan nec Sodiam, Economole Nitratz, Melenarnic Acid, Melog Sodiam Starth Glycolan

the knowledge gained during inspection performed on November (9-20) and that the manufacturer complies with the Pharmaceutical stim/Co-operation Scheme Cuide to Good Manufacturing Practice for an (PECN CMP) PART II - (2014) or QUICOLI (0.7). This certificate is valid until September 22, 2019 This certificate may be revoked at anytime as warms

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PMDA



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2018 New Product Development Plan

	Туре	Product	Indication	Area	Estimated Time to Market	Market of Area (FDF) (USD)	Market of World (FDF) (USD)
	Short-term						
٥	API	ZPT	Insomnia	USA / TW	2019	195.4 M	771.6 M
	API	TDS	Vitamin B1 Deficiency	JP / TW	2019	20 M	200 M
	Mid-term						
	API	GMR	Diabetes	USA	2020	60.9 M	1291.3 M
	API	TVP	Hyponatremia	JP	2021	357.8 M	533.3 M
	Long-term						
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Data source:: Thomson Reuters Newport Premium[™] Data

