



Simcere Pharmaceutical Group

CIBC The China Dragon Call Conference, May 2007



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I. Market Opportunity

Market Fragmentation Calls for Leadership



Fragmented Industry

- Total pharmaceutical companies: approx. 4000
- Average revenue: approx. RMB 50 million

Trend of Consolidation

- GMP certification reduced the number of pharmaceutical companies from 6,000 to less than 4,000
- Market driven competition will reduce more

Characteristics of future leaders:

- Well established nationwide sales and distribution network
- Strong new drug development capabilities
- High quality manufacturing capacities in line with marketing capability



Recent IPO significantly improved the cash position, Simcere is well-positioned to emerge as a leader in its market



II. Simcere's Core Competence

Simcere's Core Competence



1 Proven Track Record of Product Development

2 Extensive Sales and Marketing Network

3 Well-established Brands and Product Portfolio

4 Exciting Upside for Endu

5 Deep Pipeline for Sustainable Growth

6 Outstanding Financial Track Record

Proven Track Record of Product Development



Focused Branded Product Development and Marketing Efforts in Each Period

Up to 2002



Zailin

2003~2004



Zailin



Yingtaiqing



Anqi

2005~2006



Zailin



Yingtaiqing



Anqi



Bicun



Biqi

2007...



Zailin



Yingtaiqing



Anqi



Bicun



Biqi



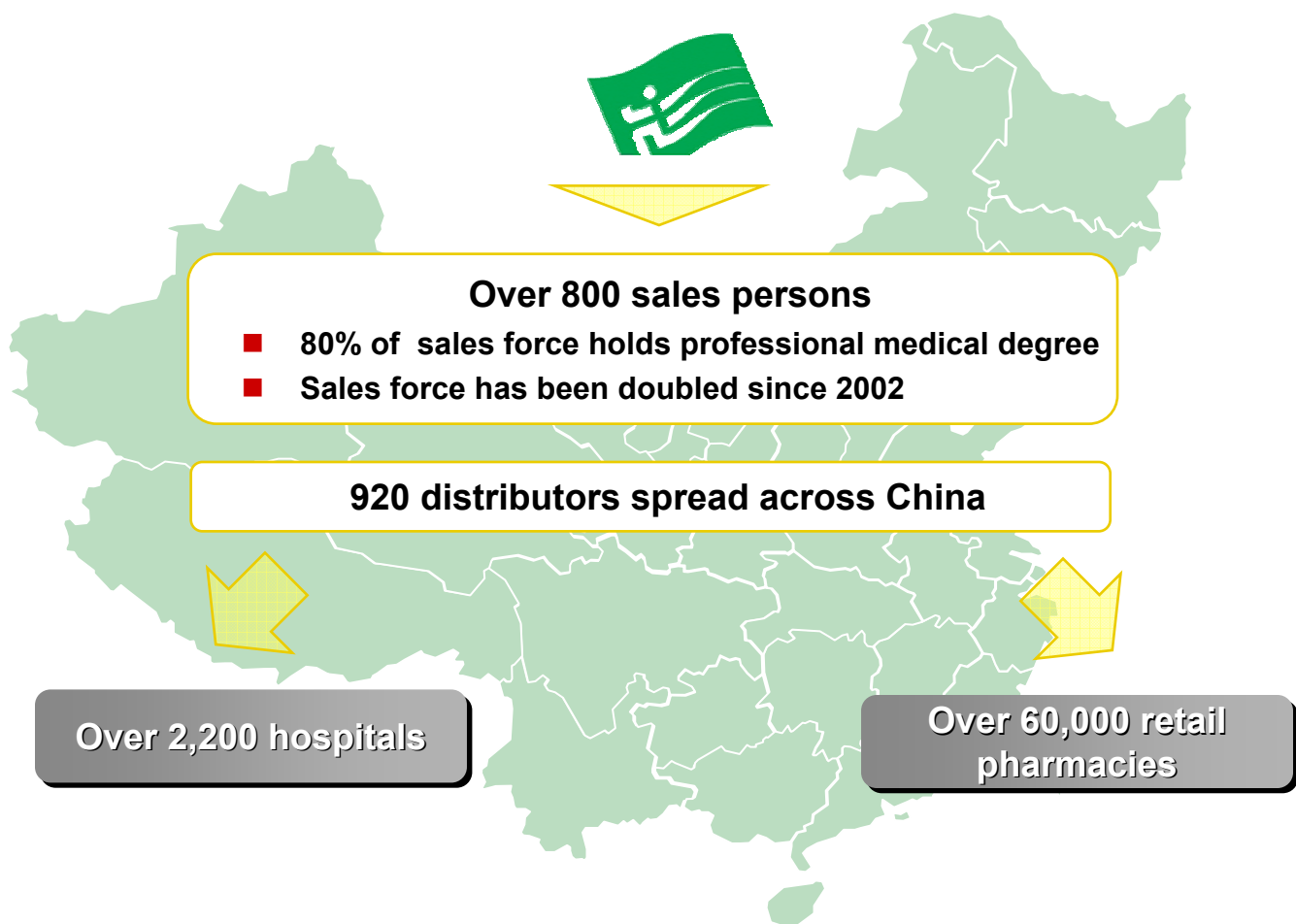
Endu

- 21 of our 38 products are included in the National Medical Insurance Catalog, including Zailin, Yingtaiqing, Anqi and Biqi. Bicun is included in 22 Provincial Medical Insurance Catalogs
- Zailin was recognized as a “China Well-Known Trademark”
- Zailin and Yingtaiqing enjoy premium pricing status

Extensive Sales and Marketing Network



Actively Managed Sales Force and Market Coverage Respond Quickly to Changing Market Dynamics



Over 800 sales persons

- 80% of sales force holds professional medical degree
- Sales force has been doubled since 2002

920 distributors spread across China


Over 2,200 hospitals

Over 60,000 retail pharmacies


Well-established Brands and Product Portfolio



Total Sales of RMB 312.3million in Q1 2007, with Top Six Branded / Innovative Products Account for 89%

Zailin 

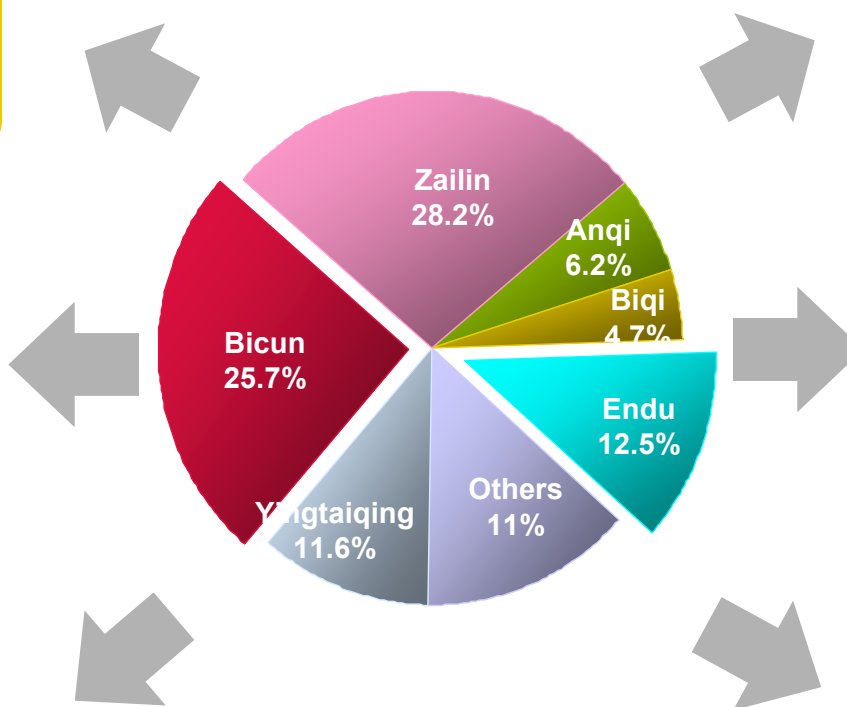
- Amoxicillin capsules, dispersible tablets, granules and injections


Bicun 

- Edaravone injections for anti-stroke

Yingtaiqing 

- Diclofenac sodium capsules for anti-inflammatory



Anqi 

- Amoxicillin with clavulanate potassium granules, tablets and injections

Biqi 

- Smectite powder for anti-diarrhea

Endu 

- An innovative anti-cancer product
- The first recombinant human endostatin injection approved for sale in the world

Exciting Upside from Endu



Endu, the First Recombinant Human Endostatin Approved for Commercialization



Inventive patents in China and US



The 1st recombinant human endostatin injection approved for manufacture and sale in the world



A broad spectrum angiogenesis inhibitor by starving and preventing the growth of tumor cells, which contains an additional nine-amino acid sequence enhancing protein purification, solubility and stability and improving the function of endostatin



Outstanding Clinical Trial Result¹

- **Median survival time of the Endu group was approximately five months longer than that of the control group**
- **One year survival rates of the Endu group was 62.8% compared to 31.5% for the control group**

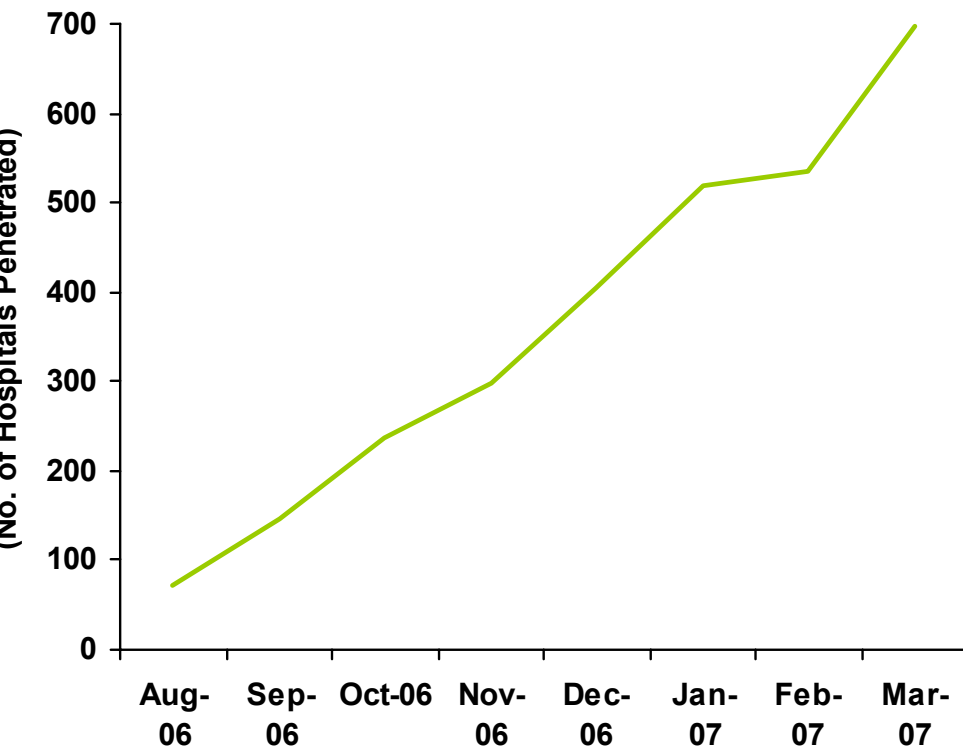
Note 1: Based on clinical trial between 2003 and 2004 on 493 Chinese patients with NSCLC

4 Exciting Upside from Endu



Post-merger Integration to Maximize the Value of Endu

No. of Hospitals Penetrated



- Established a dedicated division to market and promote Endu
- Conducted more than 250 academic promotion meetings/seminars since July 2006
- Expanded sales coverage from 70 hospitals to around 600 hospital in eight months
- Steady growth since launch. 12.5% revenue contribution in Q1 2007

5 Deep Pipeline for Sustainable Growth



We have 12 product candidates in various stages of development at the end of 2006

Key Product Candidate	Therapeutic Effects and Scope of Applications	Status					Expected Time of Introduction	Potential Monitoring Period
		Preclinical	Phase I	Phase II	Phase III	New Drug Application		
Biapenem for injection	Serious Infection	[Progress bar spanning Preclinical, Phase I, Phase II, and Phase III]					2007	4 years
Palonosetron for injection	Nausea and vomiting associated with chemotherapy	[Progress bar spanning Preclinical, Phase I, Phase II, and Phase III]					2008	4 years
Iguratimod tablets	Treatment of osteoarthritis and rheumatoid arthritis	[Progress bar spanning Preclinical, Phase I, and Phase II]					2009	5 years
Levamisole hydrochloride nasal spray ¹	Treatment of nasal allergies	[Progress bar spanning Preclinical and Phase I]					2009	20 years patent protection

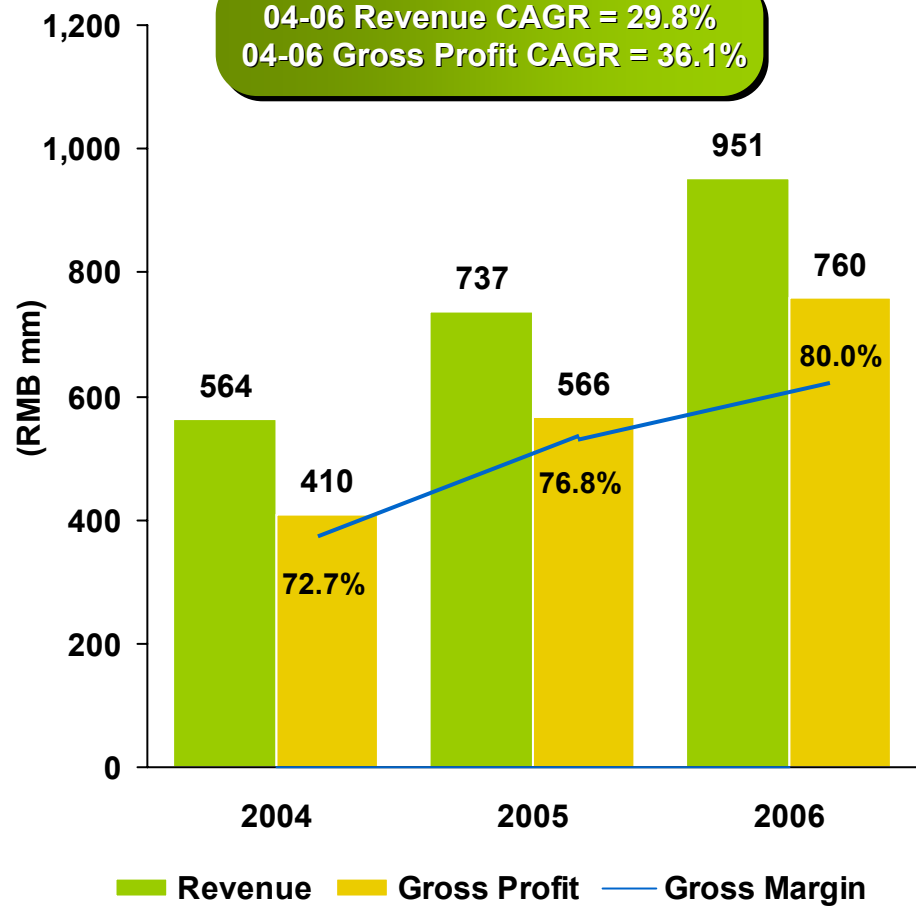
Note: We currently own one patent and have applied for 31 other patents relating to the levamisole hydrochloride nasal spray and we expect to be the exclusive manufacturer of this product for approximately 13 to 15 years.

Outstanding Financial Track Record



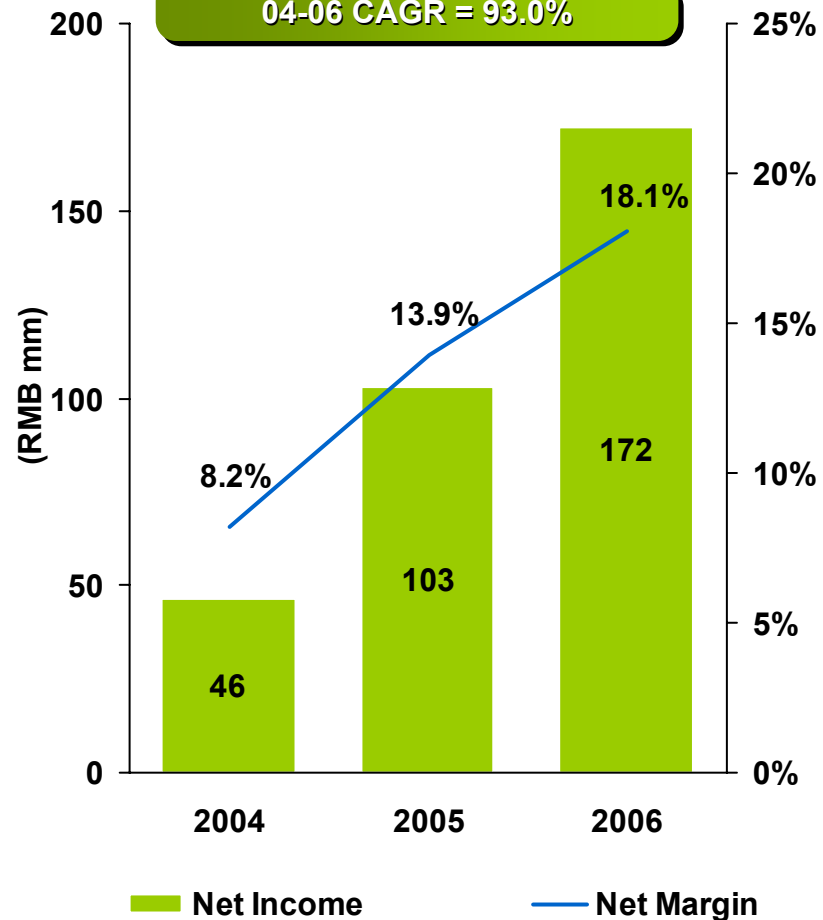
Revenue

04-06 Revenue CAGR = 29.8%
04-06 Gross Profit CAGR = 36.1%



Net Income

04-06 CAGR = 93.0%

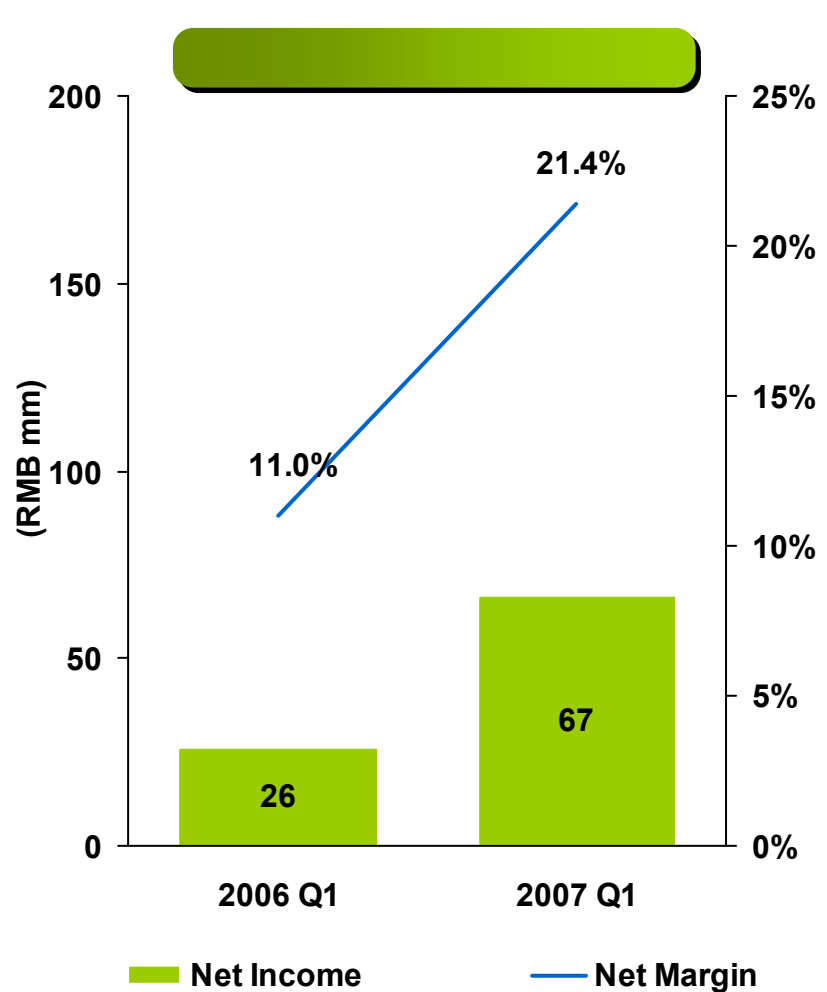
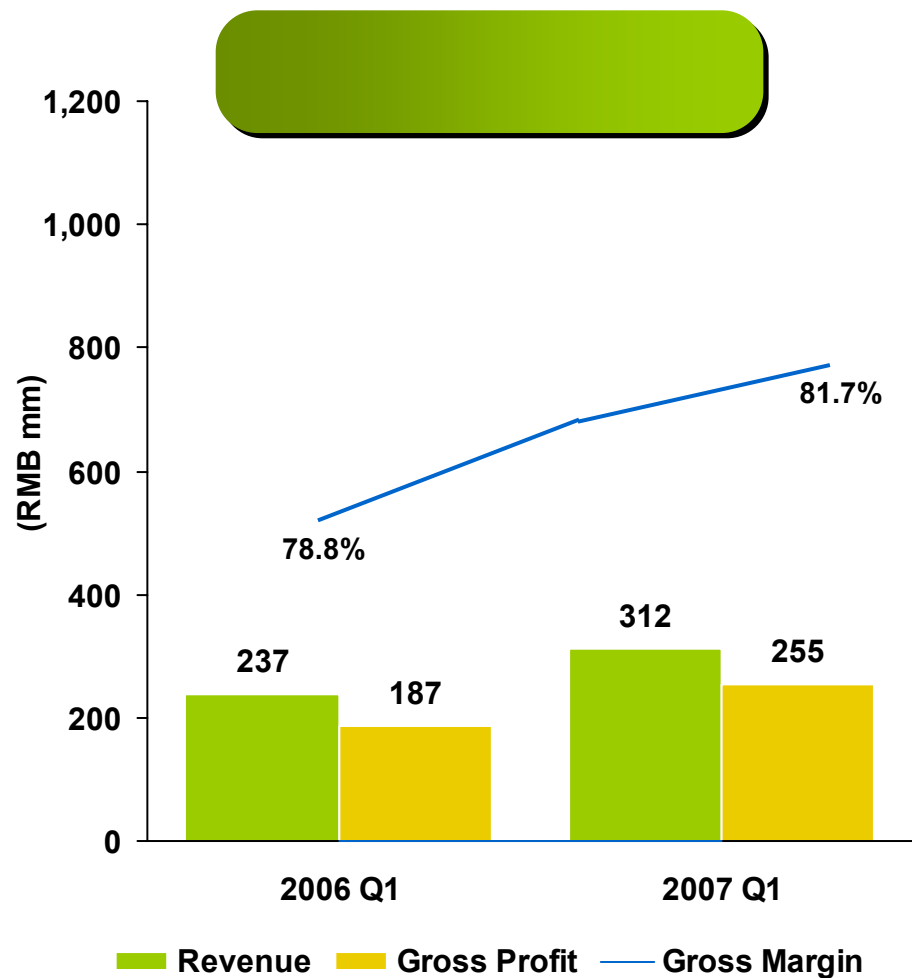


Outstanding Financial Track Record

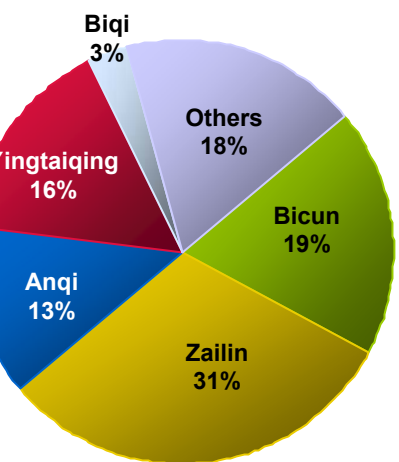


Revenue

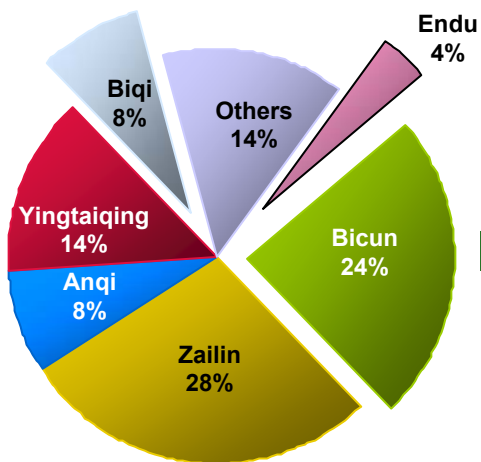
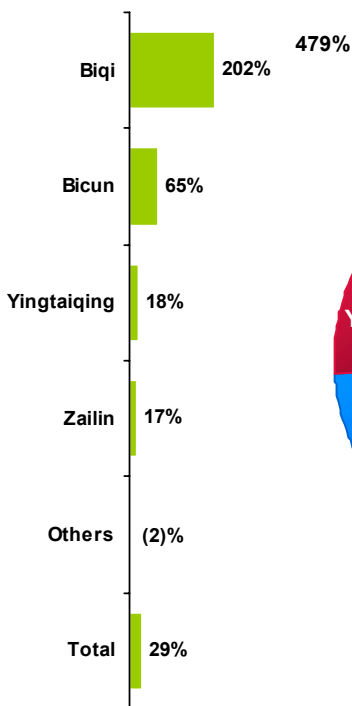
Net Income



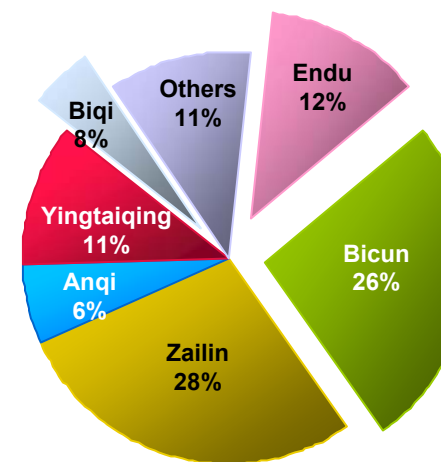
Constantly Improving Product Portfolio



2005 Total Revenues:
RMB 737 mm
Gross margin: 76.8%
Net margin: 14.0%



2006 Total Revenues:
RMB 951 mm
Gross margin: 80.0%
Net margin: 18.2%



2007 Q1 Total Revenues
RMB 312 mm
Gross margin: 81.7%
Net margin: 21.4%

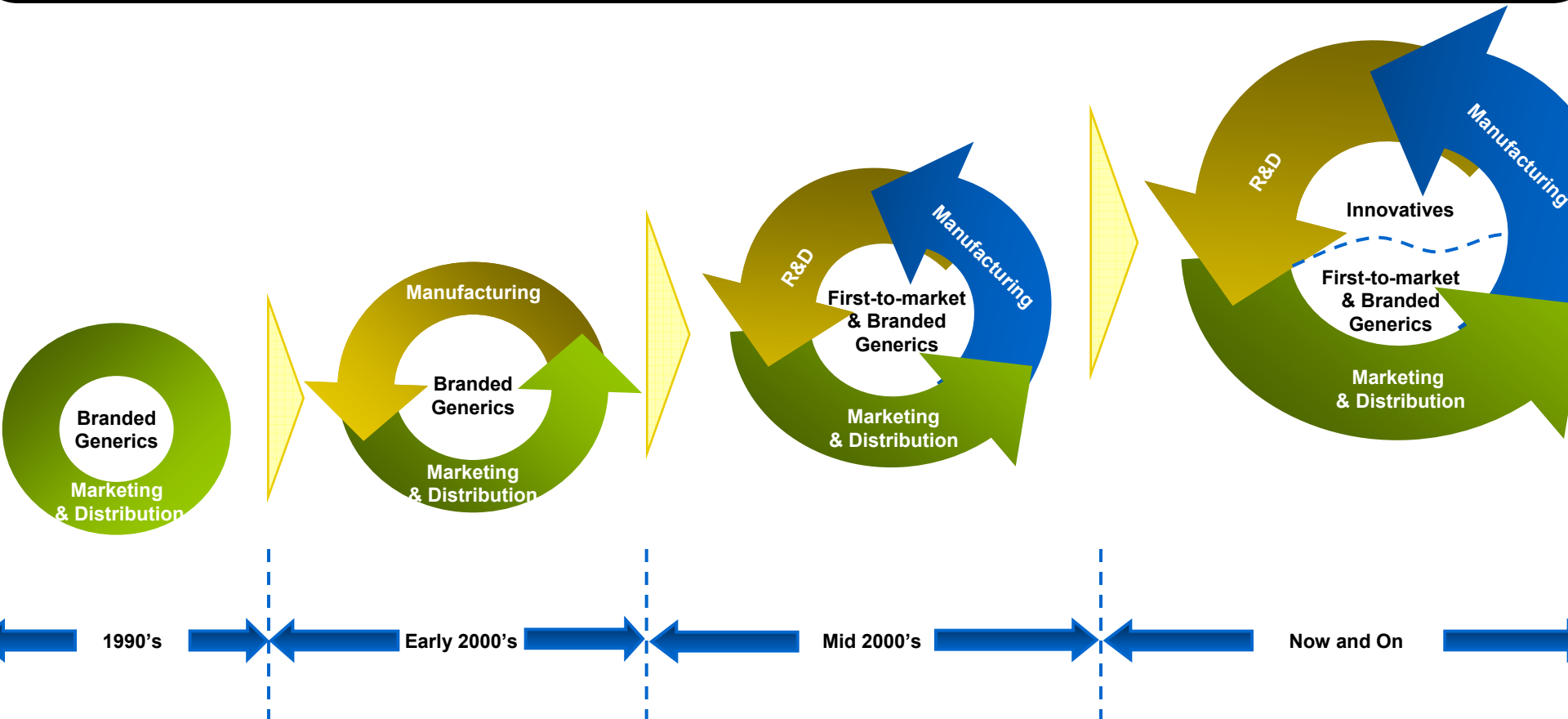


III. Strategies

Strengthen and Improved Business Model



History of Continuing Business Model Improvement



Strategies



To be the Market Leader in Introducing First-to-market Branded Generics and Developing Innovative Drugs in China

1

Focus on Sales and Marketing of Key Products

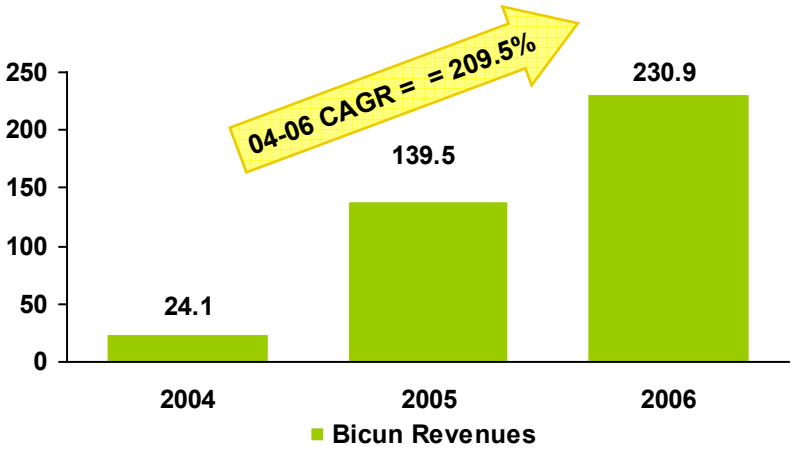
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Enhance R&D Efforts

3

Expand through Acquisitions

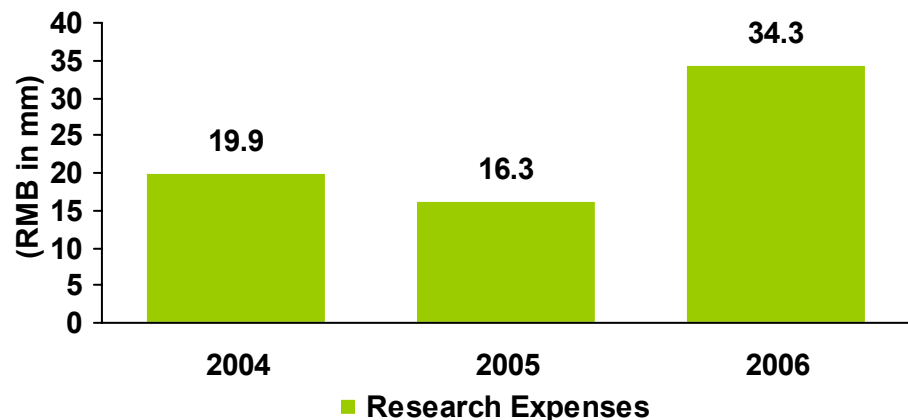
Focus on Sales and Marketing of First to Market and Innovative Products



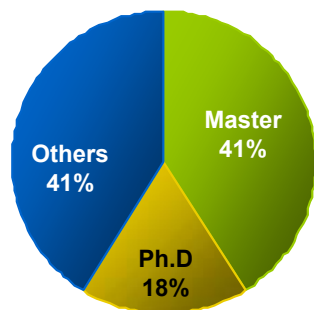
2 Enhance R&D Efforts



R&D Investment



Dedicated R&D Team



Total Research Staffs: 78

R&D Approach

- Concentrate on products with high incidence and/or mortality rates and clear demand
- Focus on branded generic with potential for wide acceptance or being the first generic version on the market
- Leverage low R&D cost advantage
- Leverage low clinical trial cost advantage
- Collaborative activities with domestic & international pharmaceutical companies and institutions



Advenchen

Expansion through Acquisitions



Proven Track Record of Acquisition and Integration

- In Feb 2003, acquired the manufacturing capability of Nanjing Dongyuan Pharmaceutical as well as the leading brand of amoxicillin with clavulanate potassium, Anqi

- In Sep. 2006, we acquired Yantai Medgenn and its angiogenesis inhibitor injection Endu
- We successfully commercialized Endu and first 5 month sales reached RM35 mm
- Significant sales and net profit growth anticipated in 2007

- In Mar 2001, acquired Hainan Haifu Pharmaceutical Company which enhanced manufacturing capability and owned the key brand, Zailin

Leading Acquisition & Integration Capability in the Chinese Pharmaceutical Market



Sustainable Shareholder Return and Significant Upside

