CHINA'S LIFE SCIENCE INDUSTRY 11/13-01/14

Dear Friends and Colleagues,

The year of the Snake has been a busy year for XinTech, resulting in a list of transactions closing in the wake of the New Year of the Horse. Specifically, we are proud to have been involved in the materialization and in the closing of the Development and Commercialization agreement between BiolineRX' BL9020 and JHL Biotech, the closing of the Licensing and Co-development Agreement signed between the Canadian Sirona Biochem Corp. and Wanbang Biopharmaceuticals, as well as in the closing of a $2 million convertible loan agreement between a Chinese and an Israeli Medical Device company.

We would like to take this opportunity and wish you all a Happy Chinese New Year of the Horse - 恭喜发财!

Eyal Harel

Co-CEO

POLICY-RELATED NEWS

China Announces Blacklist for Healthcare-related Corruption

China will institute an official publically-available blacklist-system of drug makers and medical device manufacturers to punish them for bribing officials. The new measure was announced by the National Health and Family Planning Commission ("NHFPC") on Dec. 2013 and shall become operative on March 1, 2014. It will prevent a company from selling its products in any Province in which it was implicated for a period of two years. Should the company commit two infractions in a five-year period, it will be banned from selling its products anywhere in China, also for two years.

China Agrees to Allow Ten Additional US FDA Inspectors

China has agreed to allow ten additional permanent FDA inspectors to be stationed in China. For more than a year, the US has been trying to secure visas for additional personnel, but without success.

The agency has allocated $10 million to increase the number of long-term workers from its current level – a single person – up to eleven. In addition, China promised to fulfill its goal of establishing Drug Master File management for active pharmaceutical ingredients.

NEWS FROM THE INDUSTRY

Kanghong Pharma Receives CFDA Approval for China's First Innovative MAb

On Dec. 20, 2013 Chengdu Kanghong Pharmaceutical Group announced that it was granted CFDA approval for its Compaq Sipp ophthalmic injection (Conbercept), a novel treatment for age-related wet macular degeneration. The drug is the first innovative, monoclonal antibody developed in China to gain regulatory approval, a significant milestone. The company believes its drug offers significant advantages over existing western MAbs such as Roche/Genentech's similar drug, which is marketed as Avastin and Lucentis, giving Conbercept the potential to become a blockbuster.

Sihuan to Develop CNS Drugs with Dutch to-BBB

On Dec. 11, 2013 to-BBB, the brain drug development company, announced its collaboration agreement with Sun Moral International (HK) Limited, a wholly owned subsidiary of the Sihuan Pharmaceutical Holdings Group. The agreement lays the foundation for collaborative research and development of innovative drugs for central nervous system diseases.

to-BBB and Sihuan will conduct feasibility studies by applying to-BBB's G-Technology, a patented brain drug delivery technology for sustained release and enhanced brain delivery, to certain drug compounds owned by Sihuan.

ShangPharma Obtains China Rights to Mabspace Antibody Technology

Nov. 27, 2013. ShangPharma, one of China's largest CROs, signed an exclusive China license agreement with Mabspace International for specific Mabspace antigens and technology for CRO use in antibody discovery. Founded in 2011, Mabspace develops novel, fast follow-on antibody-based therapeutic agents that target chronic kidney diseases, cancer and autoimmune disorders. Mabspace is headquartered in Hong Kong with a mainland subsidiary in Suzhou BioBay.

BeiGene Out-Licenses Novel Cancer Drug to Merck Serono

Merck Serono announced on Nov. 13, 2013 that a global licensing, co-development, and commercialization agreement for BeiGene-290 has been signed with BeiGene, a biotech research and development company in Beijing, China. The compound, which is a potent poly (ADP-ribose) polymerase (PARP) inhibitor for the treatment of cancer, is currently in preclinical development and is expected to enter clinical development next year. This is the second

collaboration agreement between the two companies this year.

Under the terms of the collaboration, BeiGene will be responsible for the development and commercialization of BeiGene-290 in China, and Merck will be responsible for the development and commercialization of BeiGene-290 in the rest of the world. BeiGene will receive an undisclosed upfront payment and is eligible to receive further payments of up to $232 million for the achievement of clinical development and potential commercial milestones in both the People's Republic of China and the rest of the world, as well as royalties on net sales.

Eddingpharm Buys ACT Biotech Drug-Assets for up to $95 Million

Eddingpharm announced on Jan. 8, 2014 that an asset purchase agreement (APA) has been signed with ACT Biotech, a biopharmaceutical company based in the United States. Eddingpharm acquired global rights to three small molecule drug assets (Telatinib, ACTB1003, and ACTB1010) and other molecules from ACT Biotech. ACT Biotech is also eligible to receive upfront, clinical, regulatory, and commercial milestone payments. The total consideration may reach up to U.S. $95 million.

The lead asset, Telatinib, is a VEGFR inhibitor for gastric cancer ready for Phase III development. Eddingpharm plans to initiate trials for Telatinib in China and continue the development that ACT Biotech started in the U.S. Eddingpharm also intends to take the other two assets into clinical development in either the U.S. or China.

BioLineRx and JHL Biotech to Collaborate on Type 1 Diabetes Antibody Treatment

BioLineRx, a clinical-stage Israeli biopharma company and JHL Biotech, a Taiwan-based biopharma company announced on January 8, 2014 that they have entered into an agreement to collaborate in the development and commercialization of BL-9020, a novel monoclonal antibody for the treatment of Type 1 diabetes.

Pursuant to the collaboration agreement, JHL Biotech will be responsible for all process development and manufacturing of BL-9020 during its pre-clinical and clinical development stages, and BioLineRx will be responsible for all pre-clinical development of BL-9020. Responsibility for clinical development of BL-9020 will be shared by the parties on a regional basis.

Under the terms of the agreement, JHL Biotech will have global manufacturing rights to BL-9020, along with development and commercialization rights in China and Southeast Asia, while BioLineRx will have development and commercialization rights in the rest of the world. In all development and manufacturing of BL-9020, JHL Biotech will adhere to FDA guidelines and regulations. Each party will also be entitled to single-digit royalties on the sale of BL-9020 in the other party's respective territory.

MicroPort and Sorin form Medical Device JV

MicroPort announced on January 9, 2014 that it is planning to set up a joint venture with Italian Sorin CRM. The new JV will focus on the R&D and marketing of cardiac rhythm management (CRM) devices in China, including pacemakers, defibrillators, cardiac resynchronization devices and other CRM related products.

MicroPort will invest $10 million in cash and hold a 51% stake in the JV.

Epigenomics Licenses China Rights to Kindstar for Epi proLung

Epigenomics AG, a German-American cancer molecular diagnostics company, and Wuhan Kindstar Clinical Diagnostics, a leading Chinese clinical diagnostics company, announced on January 9, 2014 that both parties entered into a licensing and supply agreement for Epigenomics' Epi proLung® tissue assay for the Chinese market.

Under the terms of the agreement Kindstar will commercialize the Epi proLung® assay for use in lung cancer diagnosis in China. Epigenomics will retain the responsibility to manufacture and supply the product and to provide support with respect to medical and regulatory considerations.

Sirona Licenses Anti-Diabetic Drug to Wanbang for up-to $9.5 million

Sirona Biochem Corp. announced on January 27, 2014 the completion of an exclusive licensing agreement with Wanbang Biopharmaceuticals. Sirona will provide an exclusive license to Wanbang to develop and commercialize Sirona's anti-diabetic SGLT2 inhibitor in China. In exchange for this license, Wanbang will provide upfront and milestone payments of up to US$9.5M in addition to royalty payments for product sales in the PRC.