CHINA'S LIFE SCIENCE INDUSTRY 09-10/15

Dear Friends and Colleagues,

With what appears to be the first innovative China-made, FDA-approved drug, Luye pharma has become one of the forerunners in the Chinese pharmaceutical industry pushing China further up the pharmaceutical "food chain", marking its transition from a development hub into a place of quality research and innovation.

We are also proud for contributing our share to this transition, having initiated, negotiated and supported the formation of the new joint venture between Israeli Valin Technologies Ltd. and China's National Vaccine and Serum Institute ("NVSI" - a member of the state-owned Sinopharm Group). Based on the terms of the agreement, both Valin and NVSI shall collaborate to research and develop Valin's discovery-stage sIL 17R recombinant proteins both in China and abroad and share both local and global rewards based on meeting certain development milestones.

With this good news, we would also like to take the opportunity and wish you all a Happy Hanukah, Christmas and a wonderful, prosperous and healthy New Year.

Eyal Harel

CEO-Global

<u>NEWS FROM THE INDUSTRY</u>

First China-Made FDA-Approved Drug

On October 7, 2015 Luye Pharma Group announced that the US FDA has confirmed the Company's New Drug Application submission in the U.S. for an investigational drug product of Risperidone Extended-Release Microspheres for Injection (''LY03004'') without additional clinical trials.

Luye believes that LY03004 as an injectable drug can improve medication compliance in patients with schizophrenia, which is a common issue with oral antipsychotic drugs and would simplify treatment regimen since it needs to be injected

only once every two weeks. Furthermore, LY03004 has several advantages over another marketed drug: There is, for example, no need to administer oral formulation during the three weeks after the first injection of LY03004 as is the case with the marketed drug. A stable plasma drug level can be reached much faster with LY03004 as compared to the marketed drug.

Luoxin Licenses China Rights for Korean CJ's GI Disease Drug

October 22, 2015: Shandong Luoxin Pharmaceutical Group announced its agreement with Korea-based CJ HealthCare, according to which Luoxin will have the exclusive right to develop, manufacture and commercialize CJ's CJ-12420 in China. Under the agreement, Luoxin will be responsible for development, manufacturing and commercial activities in China and will bear all associated expenses. Terms of the agreement include an up-front cash payment and subsequent clinical-, regulatory- and performance-based milestone payments. Luoxin will also pay CJ double-digit percentage royalties on net sales of CJ-12420 in China.

Helius and A&B to Develop PoNS Therapy in China

October 13, 2015: Helius Medical Technologies Inc. announced that it has entered into strategic agreements with Hong Kong-based A&B Company Limited for the development and commercialization of its Portable Neuromodulation Stimulator ("PoNS™") Therapy in China, Hong Kong, Macao, Taiwan and Singapore.

Helius' PoNS device is being investigated for its safety and effectiveness in the treatment of chronic neurological symptoms caused by disease or trauma.

Genexine Out-licenses three compounds to Tasly for $100 Million

On October 20, 2015 S. Korean Genexine announced its agreement with Tasgen, a subsidiary of Tasly Pharma, according to which it has out-licensed three next-generation long-acting growth hormone compounds in a deal worth up to $100 million. Genexine will receive $20 million upfront and up to $80 million in development and commercial milestones.

3SBio Signs Exclusive License Agreement for an Antibody-Drug Conjugate Targeting HER2 with Alteogen

Oct. 12, 2015: 3SBio announced that it has entered into an exclusive licensing deal with Korean Alteogen for the development, manufacturing and marketing of ALT-P7, a novel antibody-drug conjugate ("ADC") targeting HER2 pathway for cancer in China, Hong Kong and Macau. The

deal includes undisclosed upfront, milestone and royalty payments.

The preclinical proof-of-concept, including in-vitro binding assays and in-vivo efficacy in animal models, has demonstrated superiority of the ALT-P7 over current drugs in murine models of HER2-positive breast cancer.

Lilly and Innovent Biologics Expand Strategic Alliance to Include Immuno-Oncology Bispecific Antibodies in China and Globally

Eli Lilly and Innovent Biologics announced on Oct. 11, 2015 that their drug development collaboration would be expanded. Their collaboration is already one of the largest in China between a multi-national and domestic biopharmaceutical company.

According to the agreement, the companies will collaborate to support the development and potential commercialization of up to three anti-PD-1 based bispecific antibodies for cancer treatments over the next decade, both inside and outside of China.

Innovent will now have the rights to develop, manufacture and commercialize these potential cancer treatments for China, subject to a Lilly opt-in right for co-development and commercialization.

Under the terms of the expanded agreement, Innovent could receive additional milestones totaling more than $1 billion if the products reach certain development, regulatory and sales milestones, both inside and outside of China. Sales royalties and other payments would occur on certain products if commercialized outside China. Further financial terms were not disclosed.

Lilly will create the three preclinical anti-PD-1 based bispecific antibodies using an antibody sequence contributed by Innovent.

Ark Biosciences' Anti-Respiratory Syncytial Virus Drug AK0529 Successfully Completes Phase 1 Study

Shanghai-based Ark Biosciences announced on September 23, 2015 that the phase 1 clinical study of its anti-respiratory syncytial virus (RSV) drug AK0529 was successfully completed. AK0529 is a structurally novel anti-RSV drug being developed for the treatment of acute RSV infection. The orally administered drug specifically inhibits RSV replication by blocking viral entry and syncytium formation, the latter a unique viral transmission and cell-cell fusion phenomenon which gives the virus its name. AK0529 demonstrates potent antiviral activity across multiple strains of RSV in vitro and represents an important step forward in the development of effective therapeutics for this serious and often life-threatening infection. In a randomized, double-blind, placebo-controlled phase 1 study of

orally administered AK-0529, the safety and pharmacokinetics of AK0529 were evaluated in both single and multiple ascending doses. The drug was well tolerated, with an excellent safety profile and no serious adverse events, right up to the maximum administered.

ZAI Lab Announces Global Collaboration and License Agreement with UCB

Zai Lab announced on September 22, 2015 that it has entered into a worldwide collaboration and license agreement with UCB, a global biopharmaceutical firm, to develop and commercialize a first-in-class monoclonal antibody for the potential treatment of autoimmune and other inflammatory diseases. The product is a clinical candidate ready for IND-enabling studies and expected to enter clinical Phase 1 in 2016.

Hutchison Medipharm Announces Successful Results of its Phase II Study in mCRC

September 2, 2015: Hutchison MediPharma has published the results of its Phase II clinical trial of fruquintinib in metastatic colorectal cancer ("mCRC").

The top-line results demonstrated that the trial clearly succeeded in meeting the primary efficacy endpoint of progression-free survival ("PFS").

The assessment of secondary efficacy endpoints, including objective response rate, disease control rate, and the overall survival rate, is ongoing, with all appearing in-line with expectations at the August 2015 five-month data cut-off. The adverse events demonstrated in this POC study are consistent with the known safety profile for fruquintinib without major unexpected safety issues.

Incyte Licenses Anti-PD-1 Monoclonal Antibody from Hengrui

Sep. 2, 2015: Incyte has announced a global license and collaboration agreement with Jiangsu Hengrui Medicine for the development and commercialization of SHR-1210, an investigational anti-PD-1 monoclonal antibody. Under the agreement, Incyte will have the exclusive development and commercialization rights to SHR-1210 worldwide, with the exception of China, Hong Kong, Macau, and Taiwan. SHR-1210 is expected to enter proof-of-concept studies for the treatment of patients with advanced solid tumors in the coming months.

Under the terms of the agreement, Incyte will pay Hengrui an upfront payment of $25 million. The terms also include potential milestone payments of up to $770 million to Hengrui, consisting of $90 million for regulatory approval milestones, $530 million for commercial performance milestones, and $150 million based on clinical superiority, as well as tiered royalties to Hengrui on net sales of SHR-1210 in Incyte territories.