CHINA'S LIFE SCIENCE INDUSTRY 07-08/14

Dear Friends and Colleagues,

Summer is usually a very slow time for business. This year, however, the life science industry in China was steaming with activity. Multiple technology transfer transactions were concluded in the pharmaceutical industry. But more importantly, transactions involving medical devices have recently also become more common. This is significant because China's medical device industry has so far been lagging behind in terms of ability to enter risk-prone international transactions and absorb foreign new tech.

XinTech is proud to have contributed its share to the recent developments, having groomed a major biosimilar technology transfer transaction between Singapore-based Vanir Bio and Chengdu Rongsheng Pharmaceuticals ("RS"), a leading plasma company and a subsidiary of the state-owned giant Sinopharm. Under the terms of the transaction, Vanir will provide RS with development services for its r-FVIIa technology and assist it with setting up a manufacturing facility.

Backed up by government support, this mega-project is designed to alleviate some pressure off the troubled blood-products market in China, which regularly fails to meet the local high demand.

With this good news, I wish you all a happy Jewish New Year of 5,775, Shanah Tovah, Ktivah ve'Hatima Tova and a Happy Chinese National Day!

Eyal Harel

Co-CEO

PLICY RELATED NEWS

China to Allow Wholly Foreign Ownership of Hospitals

On Aug. 27, 2014 China's Ministry of Commerce has announced that the limitation of no more than 70% foreign ownership in Chinese hospitals will be lifted, allowing foreign companies to have 100% ownership.

The new rule will apply initially only on a limited territorial basis in seven

provinces, including Beijing, Shanghai, Jiangsu and Guangdong.

CFDA Approved Next Generation Sequencing Diagnostic Products

On June 30, 2014, the CFDA approved the registrations of BGI Diagnostics' sequencers and its diagnostic kits for fetal chromosomal aneuploidy.

These are the first next generation sequencing diagnostic products approved by the CFDA.

The CFDA intends to continue processing the product registration of other innovative genetic sequencing diagnostic products, allowing faster and better public access to innovative medical instruments.

In April 2014, the CFDA banned all clinical genetic testing, except for projects approved by the government. This project is the first to be approved in the field since, indicating the CFDA's intention to allow new products in the market, albeit under close scrutiny.

NEWS FROM THE INDUSTRY

Luye In-Licenses China Rights to Cancer Drug from Korea's Hanmi Pharm

On Aug. 21, 2014 Hanmi Pharm announced that it entered into a license agreement with Luye Pharma Group to co-develop Poziotinib, a pan-HER inhibitor discovered and developed by Hanmi for the treatment of cancer.

Under the terms of the license agreement, Luye will receive exclusive rights to develop, manufacture and commercialize Poziotinib in China, while Hanmi retains exclusive rights in all other territories. Luye will run and fund the development, manufacturing and commercialization work in China. Hanmi will receive an upfront payment, development and regulatory-based milestone payments up to $20 million and royalty payments on future net sales of Poziotinib in China.

Poziotinib is a novel, oral pan-HER inhibitor blocking EGFR family receptors. Currently, poziotinib is being investigated by Hanmi in EGFR-mutant NSCLC (Phase 2, supported by National OncoVenture), gastric cancer (Phase 2), head & neck cancer (Phase 2) and HER2 positive breast cancer (Phase 2).

3SBio In-licenses Leukemia Antibody from DiNonA of Korea

3SBio Inc. announced on Aug. 8, 2014 that it entered into an exclusive license agreement with DiNonA Inc. for the development, manufacturing and marketing of Leukotuximab, an anti JL-1 antibody for acute leukemia (AL), including acute myelocytic leukemia (AML) and acute lymphoblastic leukemia (ALL), in the territory of Greater China (including Mainland China, Taiwan, Hong Kong and Macau) and the Middle East (excluding Cyprus, Egypt, Israel and Turkey).

In addition to an upfront payment, milestone payments will be made along the clinical development and registration path. 3SBio will also pay DiNonA a sales-based royalty.

In China, there are currently about two to three million AL patients. Among them, between 30,000 and 40,000 patients are newly diagnosed each year. Patients are currently treated with traditional chemotherapy and bone marrow transplants, both of which have major side effects.

miacom diagnostics Teams Up With Fosun Pharma

On July 23, 2014 miacom diagnostics announced that it had teamed up with Fosun Diagnostics, the diagnostic division of Shanghai Fosun Pharmaceutical, to bring its molecular beacon based diagnostic assays to the Chinese and Asian markets. Miacom's proprietary multiplex assays used for the detection of sepsis and pneumonia related pathogens are easy to use and will further complement Fosun's diagnostic portfolio.

Yabao Partners with Lilly to Develop a Diabetes Drug Candidate

Yabao Pharmaceutical announced on July 7, 2014 that it has entered into a strategic partnership with Eli Lilly to co-develop Lilly's leading glucokinase activator (GKA), LY2608204. Lilly's GKA has completed Phase 1 studies in the US in addition to extensive pre-clinical development.

Under the terms of the agreement, Yabao receives rights to develop and commercialize the GKA compound in China while Lilly retains rights in all other markets. The parties will collaborate to determine a strategic development plan for China and Yabao will initially be responsible to perform and fund all development, with Lilly having future buy-in options for China. Financial terms were not disclosed.

MicroPort Forms Medical Device Partnership with MB Innovations

MicroPort Orthopedics and MB Innovations ("MBI") announced on July 3, 2014 that they entered into a multi-product development agreement for orthopedic instruments. MBI will initially provide design and development expertise in support of the development of MPO's portfolio of instruments and instrument systems associated with its Fast Recovery, tissue-sparing approach to hip arthroplasty procedures. During the term of the development agreement, there may be additional development programs initiated to develop other differentiated implants and instruments that are used for both hip and knee arthroplasty procedures.