



CHINA'S LIFE SCIENCE INDUSTRY 09-10/14

Dear Friends and Colleagues,

On September 18, 2014 the Chinese Ministry of Finance revealed that the Central Government has allocated 37.8 billion yuan (\$6.1 billion) of financial aid to support public health services. This initiative comes as part of a national effort to improve basic health services and make them more available in rural areas.

This announcement is in line with China's 12th 5-year-plan (2011-2015), which runs under the slogan "inclusive growth" to improve the social safety nets available to China's rural population.

The introduction of rural Chinese to more and better health services will continue to be one of the major growth factors impacting the Chinese health market in the coming years.

I'd like to wish you and your families a Happy Hanukkah and a Merry Christmas!

Eyal Harel

Co-CEO

NEWS FROM THE INDUSTRY

Sihuan to Develop Ebola Treatment

On October 9, 2014, the Sihuan Pharmaceutical Holdings Group Ltd and the Academy of Military Medical Sciences (AMMS) signed an agreement to help push a drug called JK-05 through the approval process in China and bring it to market. The drug, which was developed by AMMS for treating Ebola, is currently approved for emergency military use only.

Subsequently, it was also announced that the company has sent thousands of units of the experimental drug to Africa to aid the Chinese medical team which has joined the local efforts in containing the Ebola epidemic.

China Materialia Leads \$5.7 Million Investment in ZipLine Medical

October 19, 2014. China Materialia has announced the closing of a \$5.7 million extension round with the

California-based firm Zipline Medical. Proceeds from this round will be used to expand sales and marketing activities of the non-invasive Zip® Surgical Skin Closure device, which reduces the risk of surgical site infections.

Fosun Leads \$12 Million Funding Round for Israeli Check-Cap

October 19, 2014. Check-Cap Ltd., the developer of the world's first preparation-free, non-invasive, high-resolution imaging system for colorectal cancer screening, closed a financing round to support clinical development of the its imaging system. The round was led by Fosun Pharma, a leading healthcare company from China, which was joined by General Electric Ventures, Pontifax, Docor, Counterpoint, MNS and several additional investors.

Following the success of its clinical proof of concept, Check-Cap plans to expand its clinical program by launching a pivotal study in Europe and expects to submit a request for a CE mark toward the end of 2015. A study in the U.S. is planned subsequently. The company also intends to pursue regulatory approvals in China and Japan.

MID Labs Closes \$50M Round of Financing Led by OrbiMed and Frontline BioVentures

October 16, 2014. MID Labs Ltd., a medical device company based in California which develops novel products for vitreoretinal surgery announced the closing of a \$51 million funding round with Chinese investors. The proceeds will be used to continue development of MID Labs' products and increase production capacity in the US and China.

China's BravoVax In-Licenses Rotavirus Vaccine for Infants

On October 11, 2014, BravoVax Co., Ltd., a Chinese company, and the International Medica Foundation announced the closing of a licensing agreement for BravoVax' rotavirus vaccine (RRV-TV) candidate, which has been successfully tested in a large Phase 2 clinical trial to protect neonates from diarrhea caused by rotavirus.

Sorrento and Lee's Pharmaceutical Enter into Exclusive China Licensing Agreement

October 3, 2014. China Oncology Focus Ltd., an affiliate of Hong Kong-based Lee's Pharmaceutical Holdings Ltd. has licensed a fully human immune-oncology anti-PD-L1

monoclonal antibody (mAb), STI-A1014, from Sorrento Therapeutics, Inc.

Under the terms of the agreement, Lee's Pharma received exclusive rights to develop and commercialize the antibody for the greater Chinese market. In turn, Sorrento will receive an up-front payment, potential future milestone payments and high single digit to double digit royalties on future net sales. In total, Sorrento has the potential to receive more than \$46 million upon the successful attainment of key milestones.

Additionally, Lee's Pharma will invest \$3.6 million by purchasing common stock in Sorrento at a substantial premium to the current market price.

Epirus and Livzon Mabpharm Partner to Develop, Manufacture and Commercialize up to Five Biosimilars for Asian Markets

EPIRUS Biopharmaceuticals, Inc., a Boston-based biopharmaceutical company announced on September 25, 2014 that it has signed a royalty-bearing, multi-product collaboration agreement with Livzon Mabpharm Inc. (Livzon), a Chinese biotechnology company focused on the development, manufacture, and sale of antibody-based drugs.

Livzon was also a principal investor in the \$36 million private financing

round EPIRUS closed in April 2014, prior to becoming a public company.

Under the terms of the agreement, EPIRUS and Livzon will work together to develop, manufacture, and commercialize up to five biosimilar products. The first collaboration product is EPIRUS' Remicade biosimilar BOW015 (infliximab), which was recently approved in India. Livzon will conduct any additional development work necessary for the approval of BOW015 in China and Taiwan.

Ablynx Signs Exclusive License Agreement with Eddingpharm to Develop and Commercialise its anti-TNF α Nanobody in Greater China

On September 1, 2014, the Belgian company Ablynx announced that it has expanded its existing relationship with the Chinese firm Eddingpharm by granting it an exclusive, royalty-bearing license to develop and commercialise Ablynx's anti-TNF α Nanobody®, ozoralizumab (ATN-103), in Greater China for all indications, including rheumatoid arthritis (RA).

Under the terms of the agreement, Eddingpharm will be responsible for the product's clinical development, registration and commercialization in Greater China. Ablynx will have access to the clinical data generated by Eddingpharm to support potential

licensing discussions in other geographic regions.

Ablynx will receive an upfront payment of €2 million, payable in two tranches, and is entitled to receive development and commercial milestone payments plus tiered, double-digit royalties of up to 20%, based on annual net sales of ozoralizumab generated by Eddingpharm in Greater China.

Beike Licenses Altor's Immunotherapeutic Alt-803 in China

The US-based Altor BioScience Corporation and Chinese Shenzhen Beike Biotechnology Co., Ltd. announced on September 10, 2014 that they have entered into a licensing agreement to develop and commercialize Altor's ALT-803, a Interleukin-15 (IL-15) based superagonist complex, in China.

Under the terms of the agreement, Altor has granted Beike an exclusive license for the research, development, manufacture and commercialization of ALT-803 for therapeutic uses in all human disease indications in China. As part of the agreement, Altor will receive an up-front fee of US\$4 million and could potentially receive over US\$200 million in development and sales milestones, and tiered double-digit royalties based on sales of licensed products. Beike has also made a strategic equity investment of

approximately US\$5 million into Altor. Beike will have marketing rights for the licensed products in China, and Altor will retain marketing rights in all other countries.