CHINA'S LIFE SCIENCE INDUSTRY 6-7/11

Dear Friends and Colleagues,

The Chinese biomed industry continues to receive a lot of attention from Chinese policy makers. This attitude is reflected by the huge amounts of money allocated in support of the biomed industry's efforts to develop new technologies locally or license foreign technologies and learn the art of innovative technology development, resulting in an influx in number of cross-border transactions.
In line with this atmosphere, XinTech has recently signed an agreement with TJAB, the TianJin technological accelerator that is designed to promote strategic collaborations between Israeli and Chinese biomed companies and to advance Chinese capabilities and experience by setting up Israeli R&D arms in Tianjin where they can enjoy development facilities and financing options in favorable terms.
We hope this step will further support the efforts of Israeli technology companies to bring new technologies to the market and open new channels for financing their R&D activities.

Yours Sincerely,

Eyal Harel
Co-CEO

POLICY

Biotech a Priority in China's $309 Billion Five-Year Plan

China has earmarked RMB 2 trillion ($309 billion) for science and technology in its 2011-2015 Five-Year Plan. Biotechnology – including biopharmacy, bio-engineering, bio-agriculture and bio-manufacturing – will be a major priority, according to Yandong Liu, Chinese State Councilor and member of the Politburo. The goal of the funding is two-fold: to improve the quality of life in China and to add one million new jobs by 2015. More than RMB 10 billion will be allotted to support the development of biopharma.

VCs Show Increasing Interest in Healthcare Companies

The increasing number of healthcare companies going public in China has caught the attention of the venture capital industry, which until recently was quite reluctant to invest in healthcare. It has been reported that more than 60 life science companies received investments

from venture capital funds during 2010, totaling more than RMB 6 billion, which is equivalent to the total sum invested in the industry between of 2007 to 2009.

INDUSTRY

3SBio got SFDA Approval for EPIAO

On July 11, 2011 3SBio reported that the SFDA has approved its high-dose formulation of EPIAO, a treatment for chemotherapy-induced anemia. High dose EPIAO is designed to rapidly restore hemoglobin to normal levels in cancer patients. The 36,000 IU dosage is comparable to the standardized dose used globally for chemotherapy-induced anemia, allowing for less frequent administration than lower dosage forms, which in turn is expected to provide greater convenience for both patients and caregivers.

MingSight and Relin Medicine Form China Ophthalmology JV

Shenzhen Relin Medicine, a leading Chinese ophthalmic pharmaceutical company, and MingSight Pharmaceuticals, a US based R&D company, announced the formation of a JV to develop and commercialize an innovative treatment for diabetic eye disease in China on July 5, 2011. The JV is focused on developing MS-553, a new chemical entity that has the potential to become a first-in-class oral therapy for diabetic eye disease. The JV acquired the exclusive rights in China to MS-553 from MingSight, which previously in-licensed the compound from Pfizer through an exclusive worldwide licensing agreement.

To facilitate the global development of MS-553, the joint venture will adhere to the development standards of both the Chinese SFDA and the US FDA as MS-553 advances through clinical proof-of-concept.

MedicaNova and Zhejiang Medicine Announce Asthma-focused JV

MediciNova of San Diego has formed a JV with Zhejiang Medicine and a Beijing company. Announced on June 30, 2011, the JV is to receive the China rights to develop and commercialize MediciNova's asthma drug, the MN-221. Zhejiang Medicine has invested RMB 5.7 million for a 40% share of the JV.

Zhejiang Medicine expects to file an IND with the SFDA for the drug by year-end.

Sinovac to Begin Phase II Trial of Proprietary Vaccine

On June 28, 2011, Sinovac Biotech of Beijing announced that it will begin a Phase II clinical trial of its proprietary inactivated EV71 vaccine against Hand, Foot and Mouth Disease (HFMD). The latest trial will seek to determine the optimal dosage level of the vaccine, which proved safe and provoked an effective immune response in its Phase I test. The Phase I trial on 168 adults and children was completed earlier this year

Sirnaomics Partnering with Zhongsheng Pharma for siRNA Therapeutic Development

On June 23, 2011 Sirnaomics, a Maryland company, announced its partnership with Guangdong Zhongsheng Pharma to develop its small interfering RNA (siRNA) ocular neovascularization therapeutic drug. The partnership will seek to develop and commercialize STP601, a Sirnaomics siRNA candidate for treatment of diabetic retinopathy and age-related macular degeneration.

Zhongsheng Pharma has committed an investment of $9.8 million in the partnership, including upfront and milestone payments.

This is the second transaction Sirnomics is executing in China.

Conba Pharma Forms JV with American Kite Pharma to Develop Cancer Treatment

On June 14, 2011 Zhejiang Conba Pharma announced its plans to form a JV with Kite Pharma, a development stage oncology startup, which will be headquartered in Hangzhou and initially funded with a $1.2 million investment from Conba.

Kite is developing cancer immunotherapies using alpha fetoproteins (AFPs), which now is in Phase I under FDA regulations.