



CHINA'S LIFE SCIENCE INDUSTRY 3-4/10

Dear Friends and Colleagues,

In recent years, China has been investing heavily in local science and R&D activities. China's 2009 R&D expenditure neared \$26 billion, a 25% increase over 2008. This rise in domestic expenditure and the success of its business model are marking China as a global leader in life science research and innovation. From 2002 to 2008, new drug approvals by SFDA, including chemical medicine, Chinese medicine, natural medicine, and bio-medicine totaled 379.

Coupled with a stronger intellectual property regime and 1.5 million researchers, China is becoming a hot-spot for global R&D activities.

As shown in this Newsletter, China is continuing to attract foreign pharmaceutical giants seeking a cost-effective alternative for their R&D activities. China not only offers them a scientific platform but also vast numbers of commercial incentives available for such initiatives.

In support of the above case, I would like to draw your attention to XinTech's new website (www.xintechnologies.com), which includes (under "Market Place") a regularly-updated list of technologies sought by Chinese companies seeking to broaden their portfolio and know-how. I hope you will find the information useful.


Eyal Harel
Co-CEO

POLICY

Management Center Established for Medical Device Standards

The unveiling ceremony for the Management Center for Medical Device Standards of the SFDA took place on March 30, 2010 in the National Institute for the Control of Pharmaceutical and Biological Products (NICPBP). According to Zhang Jingli, Deputy Commissioner of the SFDA, medical device standards serve to supervise the research, manufacturing, distribution and use of medical devices, thus encouraging innovation and the

improvement of China's medical device industry by ensuring the safety and effectiveness of medical devices for the public.

To date, China has promulgated 180 national standards of medical devices and 727 industrial standards of medical devices. In addition, China has established 22 Medical Device Standardization Technical Committees to offer technical support and supervise medical devices in China.

NEWS FROM THE INDUSTRY

Charles River Acquires Wuxi Pharma for \$1.6 billion

Charles River Laboratories International, Inc. (NYSE: CRL), a leading global provider of research models and associated services and of preclinical drug development services, and WuXi PharmaTech (Cayman) Inc. (NYSE: WX), a leading drug research and development outsourcing company with expertise in discovery chemistry and with operations in China and the United States, announced on April 26, 2010 that they have signed a definitive agreement under which Charles River and WuXi will combine in a cash and stock transaction valued at approximately \$1.6 billion.

According to Charles River's statement, this deal will create the first global contract research organization ("CRO") offering fully integrated early-stage drug development services to clients globally.

Merck Serono China Branch to Settle in Beijing Tianzhu Free Trade Zone

On March 22, 2010, the German pharmaceutical company Merck Serono announced its plan to set up a subsidiary in the Beijing Tianzhu Free Trade Zone. The Merck Serono China Branch intends to invest RMB 300 million in its new branch which will commence operations on July 1, 2010. Merck Serono plans to invest RMB 1.5 billion RMB in a global R&D center in Beijing before 2013, which will be its fourth R&D center globally.

The company intends to make use of a 24-hour clearance connection with Beijing airport and favorable tax conditions. In addition to R&D, the China subsidiary will also engage in marketing

and sales of Merck's products in China (To-date Merck is selling 17 prescribed drugs in the Chinese market).

Sanofi-Aventis Opens R&D Center in China

Shortly after signing an agreement to establish a consumer healthcare JV in China with the Minsheng Pharmaceutical Group in late January, Sanofi-Aventis, a French pharmaceutical giant, announced on April 13, 2010 that its first R&D center in China is now operational. The company's China R&D activities are part of its ongoing strategy which is aimed to encompass all activities, from drug-target identification to late-stage clinical studies in China.

The China center is Sanofi's third R&D center in Asia- the other two being in India and South Korea.

Eli Lilly to Launch 15 New Products in China within 5 Years

US drug manufacturer Eli Lilly plans to launch 15 new products in China within the next five years. Eli Lilly is planning to grow significantly in the next few years after achieving sales of \$270 million in China last year.

Eli Lilly's \$100 million venture capital fund focused on life sciences and healthcare in China is one of the most active venture capital investors in China's biopharmaceutical industry.

According to its CEO, John Lechleiter, Eli Lilly had established positions in the fastest growing therapeutic areas in China, including oncology and diabetes, and is investing in the education of Chinese doctors so that they would be ready to pursue future roles in clinical trials.

***Cord Blood America Licenses
Technology to Chinese AXM Pharma***

Cord Blood America, Inc. ("CBAI") has announced on March 31, 2010 the signing of a License and Cooperation Agreement with Chinese AXM Pharma, Inc., a China pharma and nutraceutical company.

According to the agreement, CBAI will grant AXM a license to use its proprietary technology and know-how for the processing and storage of cord blood, as well as provide consulting and training. In return, CBAI will receive a 10% equity stake in AXM Pharma's stem cell subsidiary and an 8.5% royalty for all cord blood sales.

The companies plan to begin processing stem cell samples by January 1, 2011, subject to receipt of regulatory approvals.

***Aoxing Pharmaceutical Company
Approved to List on NYSE AMEX***

The Aoxing Pharmaceutical Company, a US incorporated specialty pharmaceutical company with its main operations in China specializing in R&D, manufacturing and distribution of a variety of narcotics and pain-management products, has received authorization to list its common stock on the NYSE AMEX market on April 13, 2010.

Aoxing Pharma was expected to begin trading on NYSE AMEX, a subsidiary of NYSE Euronext, on Wednesday, April 14, 2010 under the ticker "AXN," until which time its common stock will continue to trade on the Over the Counter Bulletin Board under the symbol "CAXGD".