



CHINA'S LIFE SCIENCE INDUSTRY 7-8/10

Dear Friends and Colleagues,

During the five-year-plan of 2006-2010 China has committed itself to shift its economical balance from low-tech to high-tech industries and to position the country in the forefront of global research.

Examples for this commitment could be found late last year, when the National Development and Reform Commission (NDRC) established 20 venture funds designed to support new enterprises ranging from drug developers to energy companies with hundreds of millions of dollars, .

In addition to promoting its biotech industry, the Chinese government has also invested heavily in bringing improved healthcare possibilities to its rural citizens through a national health insurance scheme and through establishing rural clinics across the country.

In line with its current five-year-plan, the Chinese government is now planning to invest additional \$1.5 billion into the biopharmaceutical industry for new drug development between 2011 and 2015.

China is quickly becoming an important global player in the field of drug research and development. Considering the availability of clinical development opportunities at low costs and its huge pool of naïve patients, pharma and biotech companies are attracted to China not only to capitalize on its fast growing health market, but also to enjoy its beneficial R&D possibilities.

With the advent of the Jewish New Year of 5771 and the Chinese Mid-Autumn Festival, I'd like to wish you Shana Tova and happy holidays!


Eyal Harel
Co-CEO

NEWS FROM THE INDUSTRY

Chinese Pharmaceutical Revenues Last Year exceeded \$140 Billion

According to the SFDA South Medicine Economic Research Institute, the total Revenues of China's pharmaceutical

industry in 2009 reached RMB 953.9 billion, an increase of 21.31% in comparison to 2008. Total profits from pharmaceuticals sales amounted to more than \$15 billion, an increase of 19.05% since 2008.

Sincere Pharmaceutical Group Announces SFDA Approval to Manufacture and Market Palonosetron in China

Sincere Pharmaceutical Group (NYSE: SCR), a leading pharmaceutical company specializing in the development, manufacturing and marketing of branded generic and proprietary pharmaceutical products in China, announced on August 12, 2010 that its subsidiary company Sincere Dongyuan Pharmaceutical Co., Ltd. has recently received SFDA new drug certification and registration approval to manufacture and market Palonosetron material and injections in China.

Palonosetron is a second generation 5-HT₃ antagonist used for the prevention and control of acute chemotherapy-induced nausea and vomiting (CINV). According to industry analysis, 5-HT₃ antagonists account for 90 percent of the CINV market in China.

Sinobiopharma and Lianhuan Sign Agreement for Eplerenone

Sinobiopharma, a biopharmaceutical products company with primary operations in China, has entered into a manufacturing, co-development and commercialization agreement with Jiangsu Lianhuan Pharmaceuticals (Lianhuan) for Eplerenone through its wholly-owned subsidiary Dong Ying (Jiangsu) Pharmaceutical.

Eplerenone is a therapeutic agent formulated to treat high blood pressure and vascular diseases.

Under the agreement, Sinobiopharma is expected to receive 60% of Eplerenone's profits.

In the framework of the co-development, Lianhuan shall finance and execute the clinical development, regulatory application and manufacturing of Eplerenone.

Merck and Sinopharm Collaboration in China

Merck and Sinopharm announced on July 27, 2010 the signing of a statement of mutual intent. According to the statement, Sinopharm and Merck will cooperate on HPV vaccine and other mutually-selected vaccine products in China, and will also discuss the potential for promoting and marketing Merck's pharmaceutical products in China.

China Nuokang Bio-Pharmaceutical Announces Agreement to Market Dianatal Obstetric Gel in China

China Nuokang Bio-Pharmaceutical Inc. (Nasdaq: NKBP), a China-based biopharmaceutical company, announced on July 1, 2010 that it has signed an agreement with the Swiss company HCB Happy Child Birth Holding Inc. to register and market the Dianatal Obstetric Gel, a unique product developed in Switzerland to reduce trauma associated with vaginal childbirth, in the Greater China region.

Dianatal Obstetric Gel is currently marketed in Switzerland, Germany, UK and Central Europe by leading pharmaceutical companies, such as GSK and Sandoz Pharmaceuticals.

China's first TCM drug approved by the FDA for Phase III trials

Tianjin-based Tasly Pharmaceutical's Compound Danshen Dripping Pill, a China-made pill to treat cardiovascular

conditions, has been tested safe and effective by the US Food and Drug Administration (FDA) and passed the US FDA's Phase II clinical trials in July.

The drug, whose domestic sales have amounted to more than one billion Yuan (\$148 million) last year, is the first patented Chinese traditional medicine to enter phase III trials under the FDA.

Compound Danshen Dripping Pill is mainly used to treat angina and coronary heart diseases.

Charles River Terminates Acquisition Plans of WuXi Pharma Tech

Charles River Laboratories International, Inc. (NYSE: CRL), a leading global CRO, announced on July 29 that it has agreed with WuXi PharmaTech (Cayman) Inc. (NYSE: WX) to terminate their previously announced acquisition agreement.