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5th Annual SABAP Pacific Forum 2009

Riding the Wave

Ming Guo,
Chairman, Ascentage Pharma
Panel Mediator

San Diego, 2009 11 07

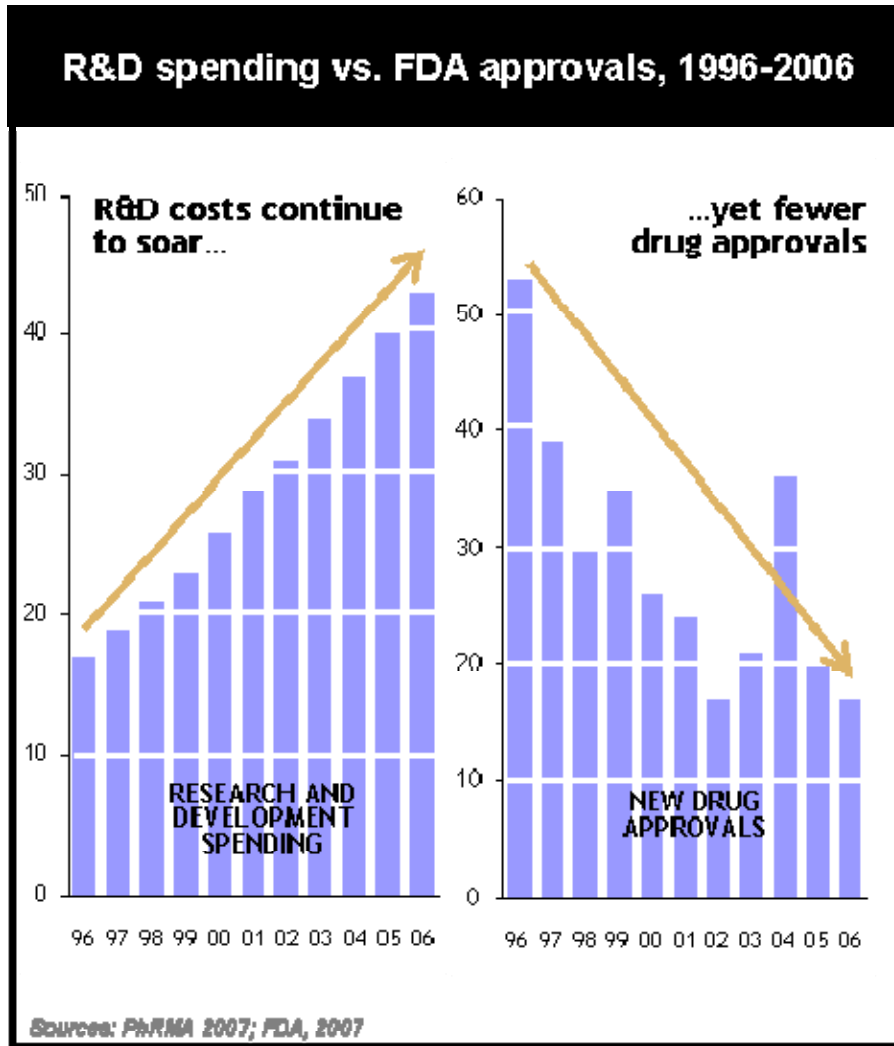


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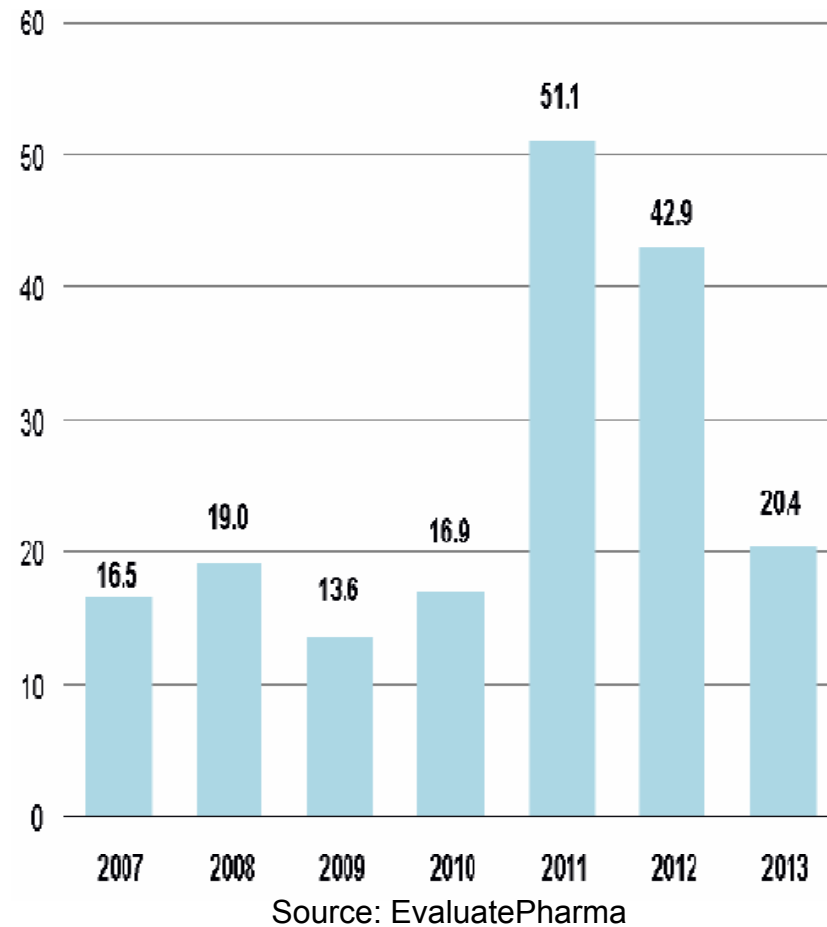
Recent News: Big Picture

- Is the world coming out of the recession now?
 - Strong 3Q GDP growth (3.5%) in US
 - Annual GDP growth rate > 8% in China
 - Australia raised interest rate 2nd time in 2009 (Nov. 3, 2009)
 - Warren Buffett bought Railroad company at \$26.3 billion (Nov. 4, 2009)
 - Divorce of employment from recovery?
- Financial environment improving or worse?
 - Cash rich vs. liquidity draught
 - Central government stimulus packages
 - Loose monetary policy of the central banks to improve liquidity
 - 500 largest nonfinancial US companies hold cash: highest amount (\$994 billion) and assets ratio (9.8%) in 40 years (*WSJ*, cover story Nov. 2, 2009)
 - Venture funds: sitting on money for almost 2 years but re-starting recently
 - How soon the inflation ghost to drag us down again?
- A brighter future after the struggle for survival?
 - Lessons learned or back to the “old, good boys” club again?

R&D Productivity Declining Costs up / Approvals Down



Patent Expiry Tsunami Looms \$Bn's Lost to Patent Expiries¹



¹ Includes Abbott, AstraZeneca, Bristol-Myers Squibb, Eli Lilly, GlaxoSmithKline, J&J, Merck, Novartis, Pfizer, Roche, Sanofi, Schering-Plough, and Wyeth. Revenue lost calculated as last full year of estimated sales prior to normally scheduled expiration

A "ChemOutsourcing" Panel Slide, Long Branch, NJ; Sept. 7-8, 2008



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Responses from Industry Leaders

- Pfizer's acquisition of Wyeth (\$68 billion), Oct. 16, 2009
 - Elimination of 19,500 jobs (15%); expected savings: \$4 billion
 - "The new Pfizer's sales could fall 23% to \$54 billion to 2013" from \$70 billion (\$48.3B + \$22.8B) according to Simon King, a *Datamonitor* analyst
- Merck's reverse merger with Schering-Plough (\$41 billion), Nov. 3, 2009
 - Elimination of 16,000 jobs (15%); expected savings: \$3.5 billion
 - "Actively looking" to partner with or acquire biotech companies valued at "single-digit" billions of dollars, after reviewing the Merck-Schering pipeline before deciding on therapeutic areas in which to expand
- Johnson & Johnson, Nov 3, 2009
 - Elimination of 8200 jobs (7%) ; expected savings: \$1.7 billion
- AstraZeneca, Jan. 29, 2009
 - Elimination of 7400 **more** jobs (10%); expected savings: \$ 2.5 billion
 - With the ongoing restructuring since 2007, total job loss by 2013 is predicted at 15,000 (22%)
- Eli Lilly and Co., Sept.-Nov. 2009
 - Elimination of 5500 jobs (13.5%) announced Sept. 2009; Expected savings: \$1 billion
 - Looking for financial backers for plans to increase funds and put more drug candidates into its subsidiary Chorus, rather than pharmaceutical partners, to maintain its control over Chorus' early- and late-stage drug development.
- Novartis (a rare success of the previous mega-mergers), Nov. 2009
 - \$1 billion China R&D plan in the next five years to take advantage of planned health care reform in the country
 - Purchase of an 85% stake in Zhejiang Tianyuan Bio-Pharmaceutical, a vaccine company, for \$125 million



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New Drug Candidates from the East

- China (mainland):
 - Jiangsu Hengrui
 - Its diabetes drug candidate has obtained IND approval from FDA in August 2009.
 - Third Chinese drug company to get US FDA approval for clinical trials. (The other two are Chinese herbal medicine companies.)
 - Chipscreen Biosciences
 - HBI-8000 (CS055 / Chidamide), a novel histone deacetylase inhibitor in phase 2, licensed out to Huya for global development
 - Hutchinson MediPharma
 - HMPL-004, a proprietary botanic product, meets all phase 2b end points for treatment of Ulcerative Colitis (news release on Nov 5, 2009)
 - Three small molecule NCE drug candidates reach IND stage in 2009 – one for Australia IND
- Taiwan:
 - AbGenomics, immunomodulating antibody for treatment of autoimmune diseases
 - AbGn-168, global license to Boehringer Ingelheim, FIH trial started Feb 2009
- S. Korea:
 - Dong-A Pharmaceutical
 - Torezolid, new generation antibiotics, licensed to Trius (San Diego) and progressed through Phase 2
 - Trius filed for IPO to raise \$83 MM for Phase 3 trials on Nov 6, 2009

Following the Tide: Ascentage Pharma



- Ascentage Pharma: A recent spin-off company from Ascenta (Shanghai) R&D Center, trying to capitalize on its leading position and track record/experience in oncology to explore the best of the both worlds
 - Industry and Academia: cutting-edge technologies
 - The West and The East: efficiency to reach clinical POC stage
- Proven Global Track Record for a New Company
- A pipeline taking shape: Global IPRs
 - Focusing from late discovery through IND enabling to POC
 - Mid to late discovery stage, most advanced 6-12 mo. to clin. candidates
 - Bcl-2; IAP; STAT-3; Wnt/B-catenin; etc.
 - Early clinical programs aiming POC in China before global development
 - licensing or risk-sharing negotiations with potential partners

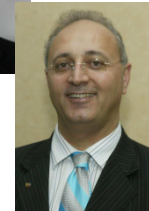


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***Panel Discussion:
Pharmaceutical & Biotech Development
Around Pacific Rim***



Panelists:



Ian Wisenberg, SVP, Strategic Dev., ChinaBio

Chun-Lin Chen, CEO, Medicilon, Inc.

Mario Pennisi, CEO, QCTN (Australia)

Sean Wang, President, ITRI Int'l (Taiwan)



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Panel Format

- Brief presentation by each panelist with his particular focus
 - 5-7 minutes each
- Q&A
 - Open floor discussion
- Further follow up after the panel