

The State of China Biotech



5th Annual SAPBA Pacific Forum
On Life Science Alliances
November 7, 2009 | San Diego, CA

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Strategic Development

ChinaBio[®] LLC

Helping China biotech become global biotech™

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Driving Factors - 2009

China drivers:

1. Low cost + high quality
2. *Hai Gui* or “sea turtles” (more than 40,000 each year*)
3. Drive to innovate (717,000 patent apps in 2008, up 22%**)
4. Government stimulus → more funds for R&D
5. Healthcare reform → bigger market, better care
6. Cluster effect – Many “San Diegos” in China

Global drivers:

1. Economic crisis → slowing VC investment and IPOs
2. Pharma restructuring → more partnering

*Source: MOST **Source: SIPO

Gov't Funding Sources

- Central Government
 - Ministry of Science and Technology (MOST)
 - Ministry of Health (MOH)
- Provincial/Regional/Municipal
- Life Science Parks/Incubators (50+)
 1. Zhangjiang Hi-Tech Park (Shanghai)
 2. BioBay (Suzhou)
 3. Beijing, Tianjin, Hong Kong
 4. Nanjing, Taizhou, Wuhan, Wuxi
- Institutes/Universities (+200)
 - China Academy of Sciences (CAS)
 - China Academy of Medical Sciences (CAMS)

ChinaBio has visited nearly all of the life science parks and incubators plus 30 universities and institutes throughout China

Mega New Drug Dev. Program

- First China gov't program dedicated solely to drug development
 - More than \$12B available over 5 years
 - Program led by MOST and MOH
 - Novel drugs, new processes, technology platforms, incubators, technologies for drug development
 - Oncology, CVD, CNS, diabetes, immunology, and infectious disease
 - Over \$1B US granted thus far to 53 universities/institute

ChinaBio has identified the recipients of nearly 80% of the grants awarded to date

Source: MOST / Analysis: ChinaBio® Consulting

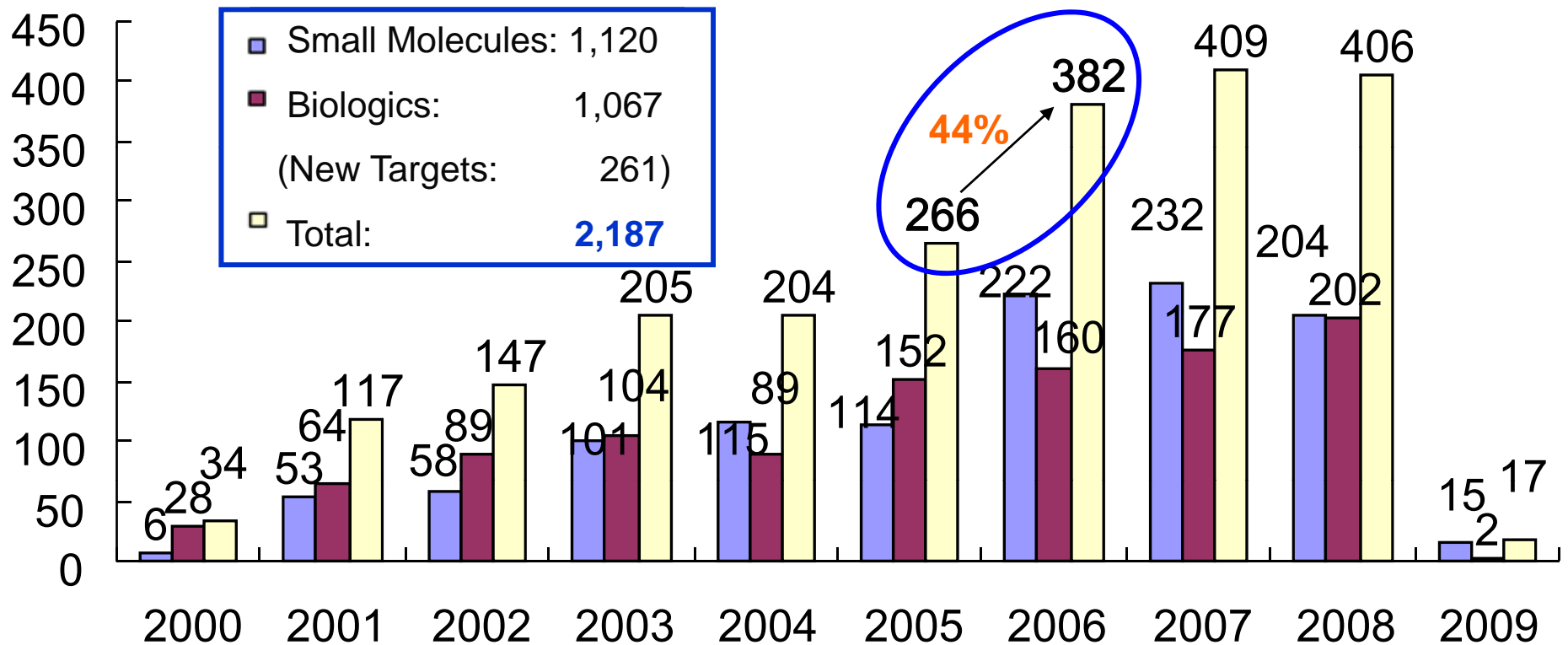
Technology Development



ChinaBio screened over 120,000 China patents and met with over 130 researchers to identify more than 2,000 novel technologies

New Molecule Patents

Accelerating Rapidly – up 10+ fold since 2000



Note: Due to the lag of patent publishing, 2007, 2008 and 2009 are under reported.

Source: ChinaBio® Consulting

Clinical Trial Activity



ChinaBio has analyzed thousands of data points to build an in-depth database of SFDA clinical trial activity since 2004

Clinical Trials Overview



From 2004 to 2008...

- 111 new drugs in SFDA trials
- 76 new drugs entered the clinic
- 27 new drugs launched (9 new molecules)

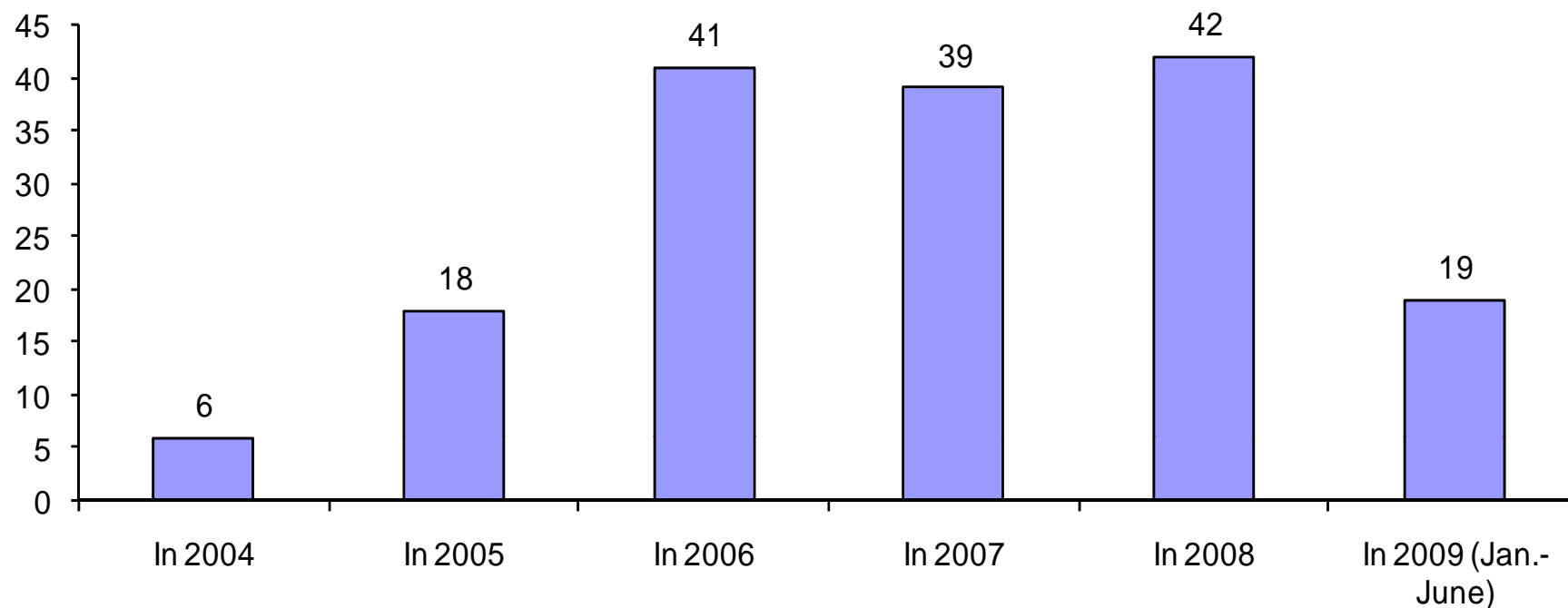
As of June 2009...

- 96 new drugs in the clinic
- 165 new drugs in preclinical development

Source: ChinaBio® Consulting

Preclinical Studies - by Year

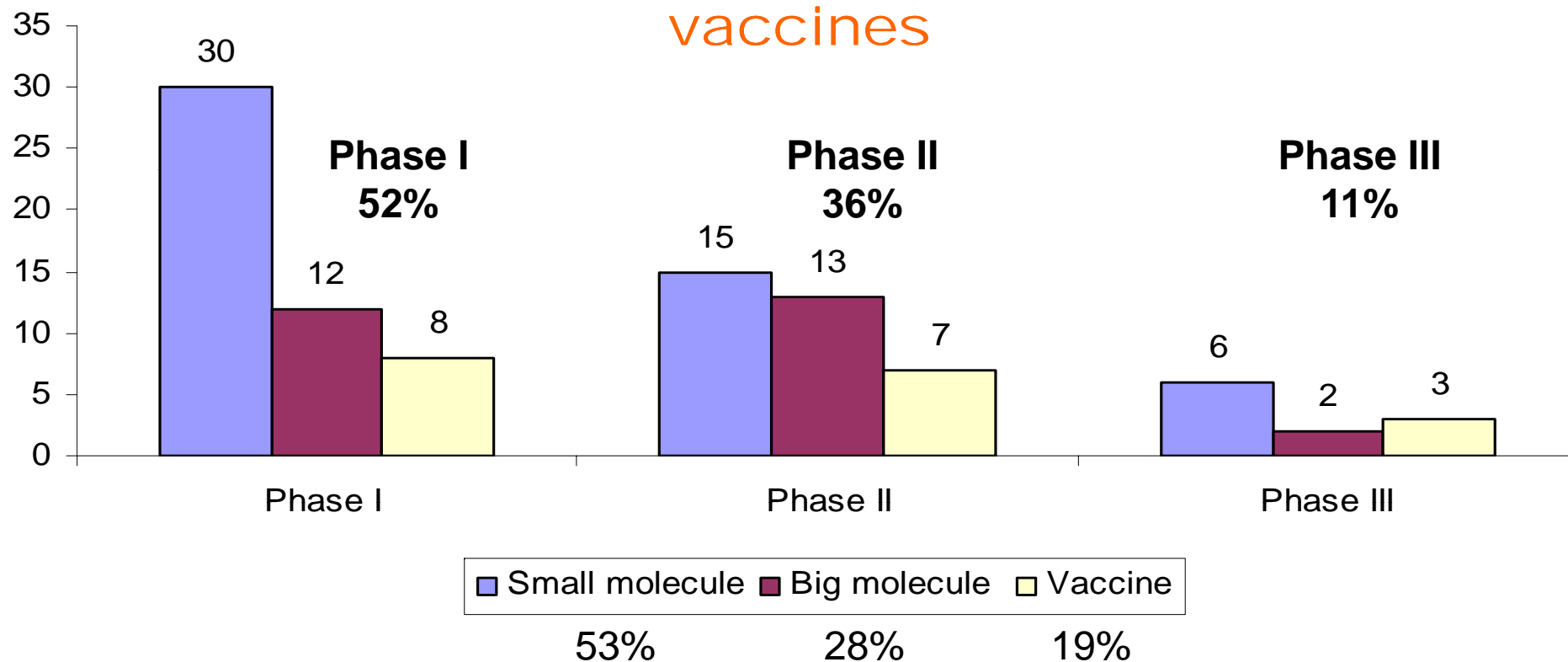
Holding steady at ~40/year



Source: ChinaBio® Consulting

Clinical Trials - Current Status

53% small molecule, 28% biologics, 19% vaccines



Source: ChinaBio® Consulting

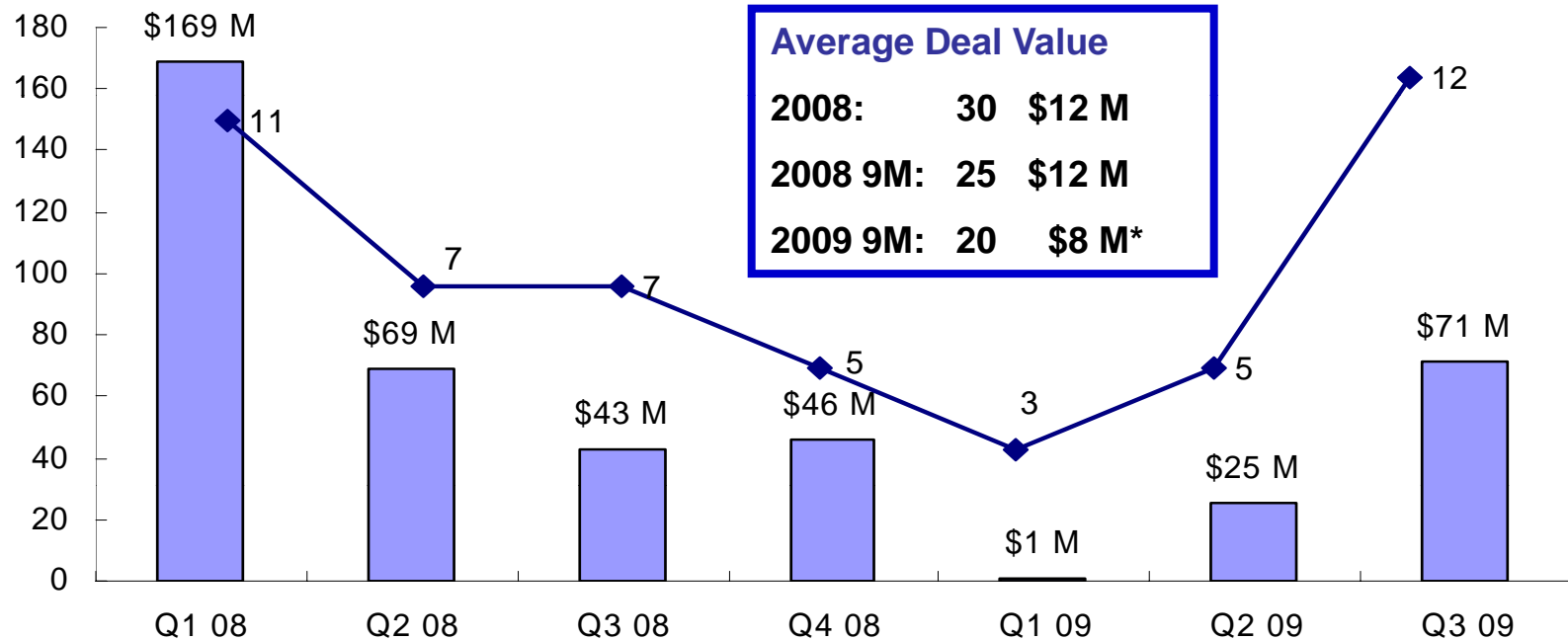
VC Investment



ChinaBio tracks VC investment activity through our VC partners and public and proprietary information sources

Biotech VC 2008 & 2009

of deals jumped in Q3 to highest yet, but deal size down



*Note: 2 deals in Q1, 1 in Q2 and 5 deals in Q3 2009 did not disclose values.

Source: ChinaBio® Consulting

VC Deals – 2009 Examples

Company	Investor	Date/2009	Amount (US\$ Million)
YiGene *	Poalim Asia Direct	Q1	NA
MacroStat	Qiming **, TigerMed	Q1	NA
Changchun ProteLight Pharma and Biotech Co., Ltd.*	Angel Investors	Q1	\$1 M
Hunan Haili Huilin Life Tech	Hunan Hi-Tech Venture Capital	Q2	\$1.5 M
Harmonia Biotechnology (Tianjin) Limited	Morningside * *	Q2	\$7.4M
Jinsite Science & Technology (Nanjing) Co., Ltd. (GenScript)	KPCB **, The Balloch Group**	Q2	\$15 M
Changzhou Kanghui Medical Device Co., Ltd.	Vivo Ventures	Q2	NA
Novast Pharmaceuticals Ltd.	NEA, Qiming **, Lilly **, BioVeda **	Q3	\$25 M

* Presented at a ChinaBio® Investor Forum

** VC Partners of ChinaBio® Accelerator

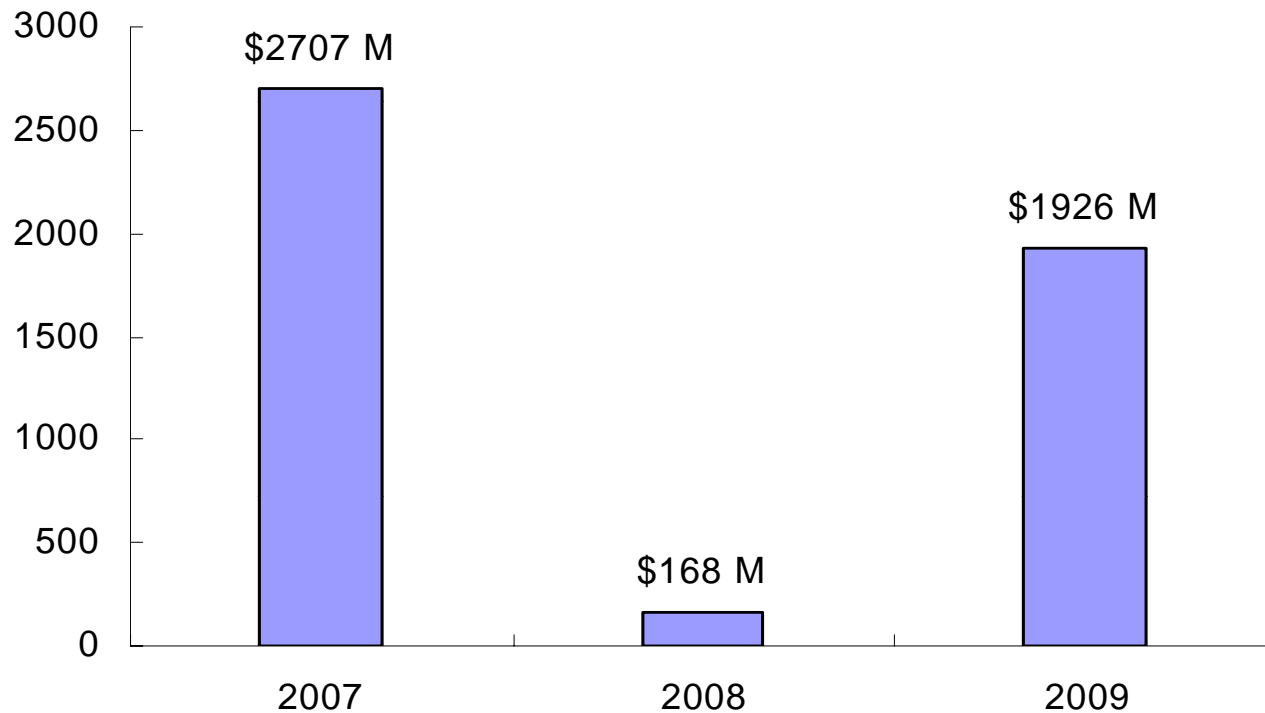
Source: ChinaBio® Consulting

IPO and M&A Activity



IPO in 2009

IPOs are hot, hot, hot in H2 2009
70% of 2007 since may



IPOs in 2009

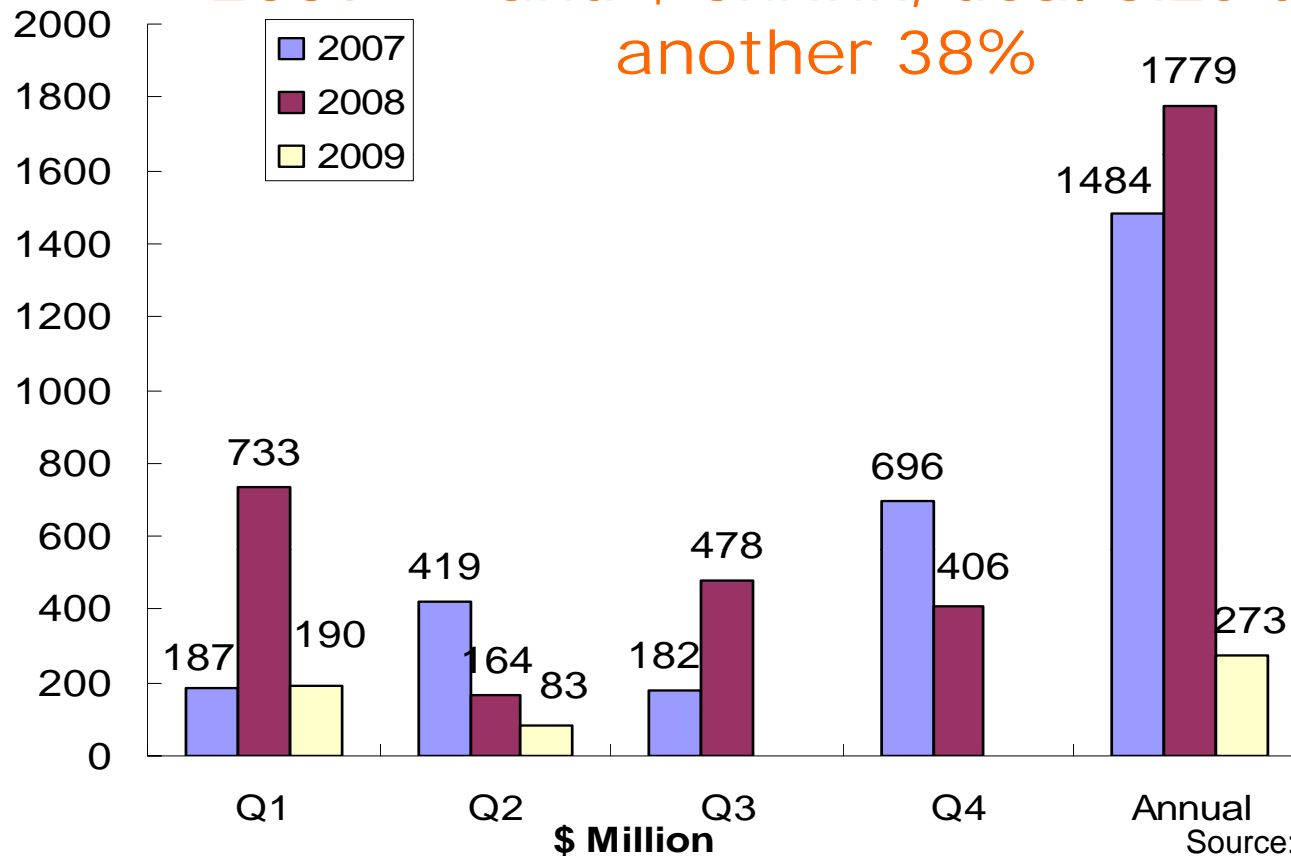
Company	Raised (\$)	Exchange	Date
Sanjin Pharmaceutical Co., Ltd.	\$134 M	SZSE	Jul.
Skystar Bio-Pharmaceutical Co., Ltd.	\$21 M	NASDAQ	Aug.
Cheezheng Pharmaceutical Co., Ltd.	\$71 M	SZSE	Aug.
Shenzhen Salubris Pharmaceutical Co., Ltd.	\$176 M	SZSE	Sep.
SINOPharm Group Co., Ltd.	\$1130 M	HKEx	Sep.
Winner Medical Group Inc.*	NA	AMEX	Oct.
Anhui Anke Biotechnology (Group) Ltd.	\$52.5 M	ChiNext	Oct.
Lepu Medical Co., Ltd.	\$175 M	ChiNext	Oct.
Chongqing Lummy Pharmaceutical Co., Ltd.	\$56 M	ChiNext	Oct.
Beijing Beilu Pharmaceutical Co., Ltd.*	NA	ChiNext	Oct.
Tianjin Chase Sun Pharmaceutical Co., Ltd.	\$111 M	ChiNext	Oct.

* Companies changed Exchange

Source: ChinaBio® Consulting

Biotech M&A Activity

2008 - # deals up, but deal size down 40%
 2009 - # and \$ shrink, deal size down
 another 38%



# Deals	Avg
2007: 31	\$48M
2008: 61	\$29M
2009 H1: 16	\$18M

Source: ChinaBio® Consulting

China M&A - 2009 Examples

Target Company	Acquirer	Date/2009	Brief
Beijing Huali Jiuzhou Pharmaceutical	Sinopharm Group	Q1	\$11.8 M
New Drug Research and Development Co., Ltd.	North China Pharmaceutical Group Corp. (NCPC)	Q1	78% share
Shenzhen Mellow Hope Pharm Industrial Co., Ltd.	Hard to Treat Diseases, Inc.	Q1	\$5 M
Shandong Chinese Traditional Medicine College	Genesis Pharmaceuticals Enterprises	Q1	\$12.2 M
Paramax International	ReSearch Pharmaceutical Services (RPS)	Q2	\$1 M and some common stock
Shanghai Celgen Bio-Pharmaceutical Co., Ltd.	Simcere Pharmaceutical Group	Q2	\$20.6 M
SYM-BIO Lifescience Co., Ltd.	PerkinElmer, Inc.	Q3	\$63.7 M
Guangzhou LifeTech Pharmaceuticals Co., Ltd.	China Medicine Corporation	Q4	\$8.3 M in cash plus the assumption of \$13.2 M in debt.
Excel PharmaStudies	PPD	Q4	\$100 M
China Biopharmaceutical Holdings	NeoStem, Inc.	Q4	an all-stock transaction

Source: ChinaBio® Consulting

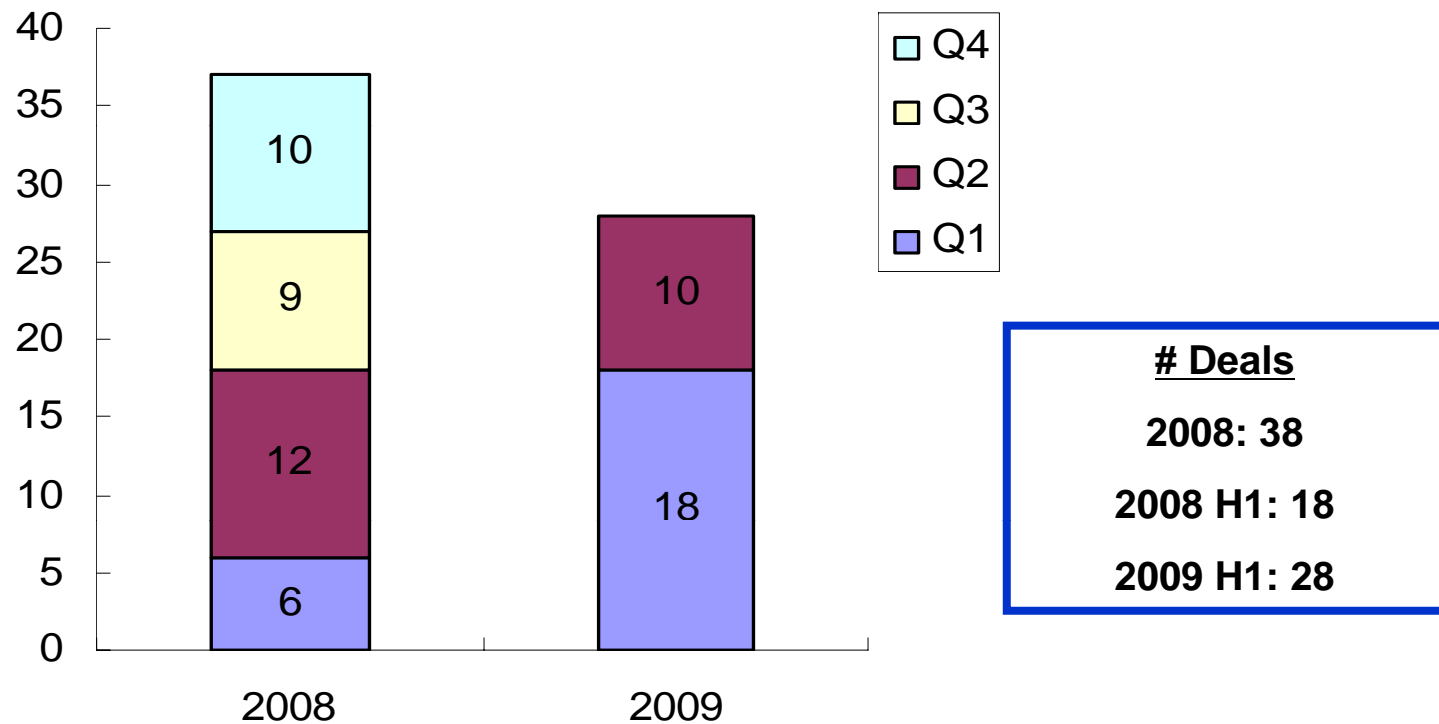
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Partnering Deal Activity



Partnering Deals

Number of deals up 55% over 2008 H1



Source: ChinaBio® Consulting

Partnering – 2009 Examples

Company A	Company B	Quarter	Collaborate type
Peking University	Pfizer *	Q1	Partnership
Frontage Laboratories	Beijing Pharmaceutical	Q1	Co-development
Simcere Pharma	Epitomics, Inc.	Q1	Co-development
Hutchison MediPharma *	Ortho-McNeil-Janssen Pharmaceuticals, Inc.	Q1	Co-development
Lee's Pharmaceutical	Nippon Shinyaku	Q1	In-license
No. 1 Affiliated Hospital of GZ Medical College	AstraZeneca Research Foundation	Q2	Co-development
The Institute of Microbiology (IMCAS)	TB Alliance	Q2	Co-development
CHGC and ShanghaiBio *	Mingyuan Medicare Development Co., Ltd.	Q2	Co-development
Biomics Biotechnologies Co. Ltd.	Benitec Limited (ASX: BLT)	Q3	Co-development
Sundia MediTech	Microtech Nano LLC	Q3	In-license

* Clients and sponsors of ChinaBio

Source: ChinaBio® Consulting

In summary...



- **Government funding increasing significantly**
 - Stimulating research, early stage companies
- **VC investment showing a positive trend**
 - light at the end of the tunnel
- **IPOs open again**
 - Nine so far in 2009 and more planned – a recovery?
- **M&A slowing a surprise**
 - But deals still being done
- **Partnerships quickly growing**
 - Pharma seeking early stage technology (Novartis \$1.2B)
 - Bridging gap to VC funding

ChinaBio® LLC



- Conferences
 - **ChinaBio®** Investor Forums
 - **ChinaBio®** Partnering Forum
 - **BioCapital China Summit**
 - **ChinaBio®** Executive Workshops (China & US)
- Consulting
 - China strategy, market research, competitive analysis, technology search, partnering assistance, CRO/CMO management
 - Drug development, medical devices, diagnostics
- Information
 - **ChinaBio® Today** (www.ChinaBioToday.com)
 - Industry Data and Research
 - Proprietary Databases



ChinaBio® Investor Forum 2009 - Tianjin

Location: New TJAB incubator in TEDA

20 companies to present to 50+ VCs

\$120M US funding raised by prior presenting companies

www.CBIF2009-TJ.com



Location: BioBay Life Science Park, Suzhou
Cold Spring Harbor Conference Center, Asia
500+ attendees / 30+ countries / 600+ 1-1 meetings

www.CBPF2010.com

Thank you! 谢谢你!



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