

ChinaBio Today

The Week in Review: What's Happening with China Biopharma Investing?

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ShanghaiBio Corporation, which partnered with ChinaBio® in sponsoring the Forum, announced recently that it expected to make its IPO in the US next year (see [story](#)). ShanghaiBio, known as a company that makes and markets of biochips, is entering the CRO business. Because of the biochip business, ShanghaiBio is one of the largest biotech companies in China. So far, revenues for the CRO division remain small, though they are expected to triple next year to \$10 million and double again to \$20 million in 2009.

Investing in China biopharma is continuing to grow, according to our own Greg B. Scott, Executive Editor of *ChinaBio® Today*, who was speaking at ChinaBio® Investor Forum 2007 held last week (see [story](#)). A total of 150 industry insiders – venture and angel capitalists, China biopharma executives and China heads of international pharma divisions – gathered in Shanghai to network with their peers and keep abreast of the latest news. Scott pointed out that China biotech/health care investing grew 19% in Q3 to \$50 million, though it still lagged by several orders of magnitude the \$2 billion invested into biopharma in the US. Angel biomedical investing in the US added almost \$2 billion more, but China angel investors put only a fraction of the \$50 billion to work in very early stage companies. The situation is improving because, unlike some years back, young China biomedical companies have access to some capital. Still, the industry could benefit from more. Addressing that deficiency was part of the reason for the ChinaBio® Investor Forum, which provided an opportunity for fifteen young companies to present their stories to the assembled venture capitalists. In Keynote Addresses and panel presentations at the Forum, executives, venture capitalists and lawyers dispensed their thoughts on what young China biomedical enterprises need to do to thrive in today's environment.

Also at the Forum, two of the fifteen presenting young biomedical companies were given "Most Promising" awards. PanAsia Bio of Shanghai won the prize in the Biotech category, and Chiral

Quest of Suzhou was the recipient in the Services group (see [story](#)). PanAsia Bio uses pegylation technology to develop PEG-based drugs. Chiral Quest, Inc. is a contract manufacturer of chiral drug candidates. Seven venture capital firms, who were Venture Capital Partners of the ChinaBio® Investor Forum, served as judges for the “Most Promising” awards.

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In new drug news last week, the SFDA approved an arthritis drug from AlphaRx (OTCBB:ALRX) (see [story](#)). Indaflex™ is a topical formulation of long-time arthritis drug Indomethacin that is incorporated in a proprietary nanotechnology drug delivery system developed by AlphaRx. In addition, the Hong Kong affiliate of AlphaRx, AlphaRx International Holdings (AIH), has begun construction of a manufacturing facility in China. Plans are to launch Indaflex™ in 2008.

A new experimental HIV/AIDS vaccine began human testing in a Phase I trial, conducted at the Peking Union Medical College Hospital (see [story](#)). It will be given to 36 volunteers. The vaccine is a joint project of the National Center for Disease Control and Prevention and the National Vaccine & Serum Institute. Unlike previous attempts to discover an HIV/AIDS vaccine, this one uses a smallpox vaccine as the carrier.

Meanwhile, China Biopharma (OTCBB: CBPC) announced plans to jettison its vaccine business because the vaccine sector has attracted too many participants (see [story](#)). Margins have been squeezed as a consequence, so China Biopharma feels its efforts will never become economically viable. As an alternative, the company will build up its specialty pharmaceutical products. China Biopharma will also put more energy into its distribution business and increase its ownership in its subsidiary companies. Because of its low cash levels, the company may not survive.

Skystar Bio-Pharmaceutical Co., Ltd. (OTCBB: SKBI) has opened an R&D center in Shanghai to discover new products (see [story](#)). The company serves the veterinary market, producing vaccines, medicines and microorganisms. The new R&D lab, called Shanghai Siqiang Biotechnology Co., Ltd., is a 200 square meter facility. Last year, Skystar completed an eight

acre GMP bio-pharmaceutical manufacturing facility. Construction is underway to increase the output of this plant by another 200%. The upgrade is to be completed in Q2 of next year.