

**China National Biotec Group and Medical & Biological Laboratories Co., Ltd. have agreed to
a Comprehensive Business Alliance**

Establishment of Business Operations for Clinical Diagnostic Business and Therapeutic Monoclonal
Antibody Development in China

Nagoya, Aichi, Japan, June 20, 2011 - China National Biotec Group (CNBG) (Headquarters: Chaoyang District, Beijing, China; President & C.E.O. Dr. Yang Xiaoming) and Medical & Biological Laboratories Co., Ltd. (MBL) (Headquarters: Naka-Ku, Nagoya, Aichi, 460-0008, Japan; President & C.E.O. Mr. Katsuhiko Nishida) have agreed to develop a comprehensive business alliance for clinical diagnostic and therapeutic monoclonal antibody development in China. The parent company of CNBG, China National Pharmaceutical Group Corporation (Headquarters: Haidian District, Beijing), and its subsidiary companies, and members of the MBL group will contribute to the alliance.

CNBG and MBL will complete detailed mid- and long-term strategic plans for two business alliances in a next few months, and have agreed to execute a definitive agreement by the end of this September. As an alliance structure, both companies will explore establishing joint Business Operations in a newly established organization, or a joint venture establishing research and development, manufacturing capability, regulatory affairs and a sales force.

As a goal, the new organization targets the establishment of the largest clinical diagnostic business in the Chinese market, and the therapeutic monoclonal antibody business.

The alliance is designed to take advantage of future market growth in China. It will also develop, manufacture and sell the novel diagnostic agents, in addition to selling MBL's products. MBL will be fully committed to effectively use its proprietary antibody generation, genetic mutation testing and immunoassay technology for development of agents for infectious diseases, cancer and genetic mutation detection which are needed in the Chinese market as well as MBL's enhanced auto-immune diagnostic reagents. MBL will contribute to the early launch of the products by use of its research and development capability, know-how and product development experience from the Japanese diagnostic market. CNBG will take full advantage of its clinical development, regulatory affairs and approval, research capability, manufacturing and sales force for developing the clinical diagnostic business in China.

Therefore, both CNBG and MBL will contributing to a centralized human resource, and technology resource in a whole new organizational structure, and set up a joint research & development facility in China. Furthermore, the new organization will set up a business focus to actively use MBL's marketing and product information and CNBG's sales effort in China.

In this alliance, MBL will perform drug discovery, antibody modification, and establish stable antibody producing cell lines to generate therapeutic monoclonal antibody candidates. Then CNBG will develop the candidates clinically for regulatory approval and sell the resulting drug products in China. During the initial phase, CNBG and MBL will integrate their therapeutic leads into the new organization. In the future, the new organization will plan to license-in leads from third parties.

The new organization, including clinical diagnostic and therapeutic monoclonal antibody businesses, is expected to utilize the existing CNBG network, and grow into a global enterprise exporting and selling the products in the worldwide market including Japan.

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[Company Profiles]

China National Biotec Group

- Headquarters: 26th Floor, Fortune Tower 1 ,No. 4 Huixin East Street, Chaoyang District, Beijing, 100029, China
- President & C.E.O.: Yang Xiaoming
- Annual sales: 4.8 Billion Chinese Yuan as consolidated 2010
- URL: <http://www.cnbg.com.cn/>

China National Biotec Group (CNBG) is a subsidiary of China National Pharmaceutical Group Corporation (Sinopharm), it is the largest state-owned biotech enterprise in China. It has been devoted to the research ,development, production and supply of biological products since 1919 and with 11 subsidiaries in house. So far it has processed several items with independent intellectual properties and about a hundred production lines at national cGMP standard. CNBG manufactures more than 200 kinds of biological and blood products for prophylactic, therapeutic and diagnostic use, including all the vaccines in China's EPI programme, and owns 80% shares in vaccine public market. In 2010, the annual output of CNBG had reached 730 million doses and becomes one of the companies around the world with the most complete product portfolio and the largest output quantity. Among the 10,000 employees, more than 4,000 are technical staff.

Ever since a long time ago, CNBG has always taken the major task of supplying biological products for disease prevention and control in China, and made great contributions to the health undertaking in China.

CNBG addresses great importance to R&D and innovation. CNBG is committed to build 6 key technical platforms including polysaccharide protein conjugation, industrialized cell production and fermentation, gene recombination, purification, vaccine combo, novel adjuvant research and application, etc.

Medical & Biological Laboratories, Co. Ltd. (MBL)

- Headquarters: KDX Nagoya Sakae Bldg. 10th Floor, 4-5-3 Sakae, Naka-Ku, Nagoya, Aichi, 460-0008, Japan
- President & C.E.O.: Katsuhiko Nishida
- Annual sales: 6.25 Billion Japanese Yen as consolidated 2010
- URL: <http://www.mbl.co.jp/>

MBL was first established as a Japanese antibody manufacturer in 1969. Since then, the company has been involved in the research, development, manufacture and sale of diagnostic and research reagents.

In the research reagent sector, MBL has been engaged in, not only the worldwide sales of more than 8,000 antibodies that are developed in-house or marketed by foreign and domestic alliance partners, but also the contract manufacturing of custom-made monoclonal and polyclonal antibodies. In addition, the company has extended its business to sales of identification kits for mRNA, synthesis of oligonucleotides and artificial genes, and contract analysis of carbohydrate structures.

In the diagnostic reagent sector, MBL has developed *in vitro* diagnostic reagents for autoimmune diseases, cancers and aberrant metabolite disorders. Especially, in the diagnostic field of autoimmune diseases, the company, as the leading maker in Japan, has expanded its product line, and contributed to diagnosis of diseases characterized as having less than optimal therapeutic options. In the cytological diagnosis sector, the company sells an advanced cytopreparation system and sampling brushes for cytology for the diagnosis of cervical cancer.

MBL also takes full advantage of the benefits of being an antibody manufacturer with commitment to a drug discovery program focused on therapeutic monoclonal antibodies.