



## Press release

**Faron Pharmaceuticals and China Medical System Holdings enter into strategic agreement for the development of Traumakine® in China, Hong Kong, Macao and Taiwan**

***€5 million equity investment made by A&B Ltd***

TURKU – FINLAND and HONG KONG, 20 May 2015 - Faron Pharmaceuticals Ltd ("Faron"), the clinical stage biopharmaceutical company, announced today that it has entered into strategic agreements with China Medical Systems Holding Limited ("CMS") and A&B Ltd for the development and commercialization of Traumakine® for the treatment of moderate to severe acute respiratory distress syndrome (ARDS).

CMS, a fast growing pharmaceutical company listed on the Hong Kong Stock Exchange has acquired exclusive assets and rights for the development and commercialisation of Traumakine in China, Hong Kong, Macao and Taiwan (the "Territory"). A&B Ltd., an investment and development company based in Hong Kong and owned by Dr. Lam, CEO of CMS, makes a simultaneous strategic €5 million equity investment in Faron. Dr. Huaizheng Peng, Head of International Business at CMS, will join the Faron Board.

Faron's lead drug candidate Traumakine, is entering a pan-European Phase III trial in 2015 and has the potential to be the first pharmaceutical treatment of moderate to severe acute respiratory distress syndrome, a condition that kills 35-45% of ICU patients despite ventilation assisted supportive therapies<sup>1</sup>.

Positive results from the Phase II clinical trial carried out in the UK demonstrated more than 80% reduction in mortality in the Traumakine treatment group<sup>1</sup>. Following a successful pan-European Phase III trial of Traumakine in Europe, market authorization and licenses are expected to be obtained for the development and commercialization in the Territory. All further development costs in the Territory will be covered by A&B Ltd.

**Markku Jalkanen, CEO of Faron Pharmaceuticals, said:** "We are very pleased to enter this collaboration with CMS, which has vast and long term experience in the Chinese market and is today focusing more and more on products with high unmet medical need. We also welcome Dr. Peng to the Board and look forward to benefiting from his expertise as we advance our drug pipeline.

**Commenting on the announcement, Dr. Lam Kong, CEO of CMS, said:** "It's a pleasure for CMS to establish a strategic relationship with Faron, which is a company with high-level expertise in pharmaceutical research and development. ARDS is a severe acute disease that causes huge damage to patients. We believe, once it is launched, Traumakine can offer significant life saving benefits."

This is the second agreement Faron has entered for the development and commercialisation of Traumakine in Asia. In 2011, Faron also entered into an agreement with Japanese pharmaceutical company Maruishi, which has licensed the rights to develop and commercialise Traumakine in Japan.

**For more information contact:**

**Markku Jalkanen, CEO, Faron Pharmaceuticals**

Phone: +358-40-520-6124

E-mail: [markku.jalkanen@faronpharmaceuticals.com](mailto:markku.jalkanen@faronpharmaceuticals.com)

**Hume Brophy**

Mary Clark, Supriya Mathur, Hollie Vile

Phone: +44 203 440 5654

E-mail: [faron@humbrophy.com](mailto:faron@humbrophy.com)

---

<sup>1</sup>Bellingan et al. (2014) Lancet Respiratory Medicine 5: 98-107

## **About Faron Pharmaceuticals, Ltd.**

Faron Pharmaceuticals, Ltd. is a late clinical stage drug development company based in Turku, Finland. Faron has three major drug development projects focusing on acute lung injury, cancer growth and spread, and vascular inflammatory diseases. Faron's lead product Traumakine to treat lung inflammation in ARDS patients is moving to a pan-European pivotal Phase III study in 2015. Faron has a pipeline of early stage assets including pre-clinical anti-Cleaver-1 antibody program on tumour immunity (Clevegen), Faron's second drug development project. [www.faronpharmaceuticals.com](http://www.faronpharmaceuticals.com)

## **About China Medical System Holdings Limited**

China Medical System Holdings Limited is a pharmaceutical products service provider based in China focused on marketing, promotion and sale of prescription drugs to many therapeutic departments in hospitals. The Group was established in 1995 and was listed on the AIM in London (ticker: CMSH) in June 2007. The Group was listed on the Main Board Market of the Stock Exchange of Hong Kong (ticker: 867) on 28 September 2010 and delisted from the AIM at the same time.

The Group has two business models commonly found in the pharmaceutical industry in China – the Direct Academic Orientated Promotion Model and Agency Promotion Model – with two distinct third party promotion networks – the Direct Academic Orientated Promotion Network (the “Direct Network”) and the Agency Promotion Network (the “Agency Network”) – both of which hold leading positions in the China market.

As at 31 December 2014, the number of marketing, promotion and sales professionals in the Direct Network of the Group was approximately 2,000 while the independent third party sales representatives or agents in the Agency Network exceeded 1,000. Meanwhile, product sales of the Group covered over 17,000 hospitals under the Direct Network and around 7,000 hospitals.

For more information on the company, please visit:

<http://en.cms.net.cn/>

## **About A&B Ltd**

A&B Ltd is an investment and development company based in Hong Kong, which is wholly owned by Dr Lam Kong, the CEO, Chairman of the Board and a holding shareholder of CMS, focusing on investing in the pharmaceutical industry.

## **About Dr. Huaizheng Peng**

Former global investor and investment banker specialising in life science, biotechnology and pharmaceuticals, Dr Huaizheng Peng is the head of international affairs department of China Medical System Holdings, a publicly traded (HK: 0867) specialty pharmaceutical company with a market cap of multi-billion USD. He is in charge of international operations for the firm, including pharmaceutical asset acquisition/product licensing-in/out, international business development, outbound investment and asset management among others.

Over 16 years, taking advantage of his well-established global network in life science and financial industries on both buy and sell sides, Dr Peng advised many cross-border M&A, IPOs/ RTO, privatisation of public companies, business re-construction, product licensing-in/out, technology transferring, fund raising in public and private markets and other corporate activities as a corporate advisor, in the UK and in Canada, for many industries including life sciences. He has also invested numerous life sciences companies all over the world and Asian Technology companies as a life sciences/technology fund manager.

Prior to his pharmaceutical and financial industry career, he practiced medicine as a clinical lecturer in UCL Medical School, UK, after he received his Bachelor's and Master's degrees in Medicine from Hunan Medical College, PR China and his Doctorate of Philosophy in University of London, UK.