



**Aida Pharmaceuticals:
Conclusion of Rh-Apo2L Phase I Clinical Trials and Drug Pipeline Overview**

Q. What is Rh-Apo2L?

A. Rh-Apo2L is a new drug therapy using a recombinant protein produced by genetic engineering, called human Apo2L which can cause cell apoptosis – cellular death – by triggering points on the receptors in the cells of tumors. Scientists believe that cancer cells may resist or not activate apoptosis, thus continuing to grow and divide uncontrollably creating tumors. Rh-Apo2L was designed to trigger cell apoptosis in tumor cells by targeting two receptors on the surface of cancer cells, while sparing most healthy cells.

Q. How was the Phase I trial conducted?

A. Rh-Apo2L was approved for clinical research by the State Food and Drug Administration (SFDA) of China in May 2005. The open-label Phase I study was conducted at the Chinese Academy of Medical Sciences Oncology Hospital beginning in September 2005 through May 2006. The clinical research involved 20 patients with late-stage malignant tumors. The researched tumor types included non-Hodgkin lymphoma, sarcoma, adrenal gland cortical tumors, non-small cell lung cancer, colorectal cancer and parotid gland capsule adenocarcinoma.

Q. What is the next step in the development of Rh-Apo2L?

A. The next step in the development of Rh-Apo2L is to conduct Phase II and Phase III trials. The SFDA regulates the oversight and approval of these trials. Aida has applied for and anticipates receiving approval for Phase II and Phase III studies in September 2006 and, pending that approval, expects these trials to conclude by year-end 2007. In accordance with SFDA regulation, these trials will include larger ‘test’ groups of cancer patients – approximately 200 to 400 – and will be open label studies. At the completion of the trials, the Company expects to apply for its Category ‘A’ drug license and production approval from the SFDA, a process which takes approximately three months, according to the SFDA. Upon receipt of this license, Aida will be able to produce, market and sell Rh-Apo2L. Once all SFDA approvals have been received, Aida plans to commercialize and bring Rh-Apo2L to market in 2008. The drug will be available by prescription only.

Q. What type of cancers can Rh-Apo2L treat?

A. In Aida Pharmaceuticals’ Phase I trial, conducted by its newly acquired subsidiary Qiaer Biotechnology, researchers found that Rh-Apo2L may be used to treat several types of solid tumors and hematological (blood) malignancies. The preliminary Phase I study revealed that Rh-Apo2L reduces the tumor size of non-Hodgkin lymphoma, sarcoma and adrenal gland cortical tumors. Additionally, researchers found that Rh-Apo2L also affects the tumor size of non-small cell lung cancer, colorectal cancer and parotid gland capsule adenocarcinoma. Scientists believe Rh-Apo2L may be an effective treatment for numerous forms of cancer, and plan to explore this possibility in Phase II and III trials, upon receiving approval from the SFDA.

Q. How many people can this drug benefit?

A. According to a survey conducted by the Ministry of Health of the People's Republic of China (MOH), by year-end 2003, China had 4.5 million reported cases of cancer with 1.6 million to 1.7 million new cases per year. Additionally, according to the statistics from MOH, the estimated sales volume of anti-tumor drugs in China is over 25 billion RMB (approximately US \$3.1 billion) with an annual growth rate of 15-17%. The average annual spending per patient is over 5 thousand RMB (approximately US \$625). According to a report from the International Agency for Research on Cancer (IARC), by 2020, the number of cancer patients will grow at a rate of 15 million people per year globally, a 50% growth rate.



Q. Does Aida adhere to global regulatory standards and comply with international market place rules?

A. Yes. Aida holds nationally recognized GMP quality assurance certification in China, and has nine ISO9002 certified production lines for quality assurance which are also ISO14000 certified for ecologically-friendly practices.

Q. What does it mean to conduct and complete Phase II and Phase III trials?

A. The purpose of Phase I was to provide an evaluation of the drug's safety, patients' immune response and a reference for determining the required dosage for potential Phase II trials. Upon the completion of Phase I trials, the Company is applying with the SFDA to approve Phase II and Phase III clinical trials and anticipates it may receive approval in early September 2006. If the trials are approved and upon their completion, the SFDA will evaluate and may approve the new drug for production and commercialization, which the Company anticipates to happen in 2008.

Q. How expensive it is to take a drug such as Rh-Apo2L through all necessary pre-clinical tests and through Phase I, II, and III trials?

A. The costs will vary depending on several factors such as the type of drug being tested, the results of the various pre-clinical tests and the duration of the actual trials. According to the highest standards in China as stipulated by the SFDA, the costs of Rh-Apo2L are projected to reach approximately US \$10 million dollars or approximately 80 million RMB by the conclusion of the Phase III trials.

Q. How much does Aida anticipate generating in revenues from Rh-Apo2L in its first year of commercialization in 2008? How about its second or third year?

A. Aida estimates the revenues of Rh-Apo2L may reach approximately 600 million RMB (US \$75 million) in 2008 if the commercialization is performed as planned and all necessary approvals are received by the SFDA. In 2009 and 2010, revenues have the potential to reach 1.2 billion RMB (US \$150 million) and 1.8 billion RMB (US \$225 million) respectively.

Q. Based on the revenue projections (above), what type of net margins does AIDA anticipate that Rh-Apo2L will generate?

A. Aida anticipates, if all necessary approvals are received from the SFDA and Rh-Apo2L is brought to market as the plan outlined above stipulates, net profit margins of Rh-Apo2L could approach 40%.

Q. Why was it more advantageous for Aida Pharmaceuticals to acquire Qiaer as opposed to being a stand alone strategic and/or operational partner?

A. The acquisition of Qiaer is strategically significant as Aida becomes more focused on the biopharmaceutical industry in China. Aida is very experienced in the marketing and the promotion of new Category 'A' drugs which has been proven by the success of its Etimicin sulfate antibiotic. Category 'A' drugs are defined by the SFDA as prescription drugs or medicinal preparations originating in China, i.e., whereas a given drug is developed in China and previously not available in either domestic or foreign markets. Qiaer is a strong resource for research and development and partnered with Aida's success in production, marketing and promotion, the acquisition will benefit both businesses to a greater degree as a consolidated entity as opposed to if both companies remained separate businesses.

Q. Are there any other companies currently developing Rh-Apo2L?

A. Yes. Currently Genentech (NYSE: DNA), an American pharmaceuticals company, is developing a drug to treat cancer with Recombinant Apo2L. However, Aida Pharmaceuticals' subsidiary holds the patent for Rh-Apo2L in China, and there are no barriers for the two pending patents in China. Meaning, Aida Pharmaceuticals is the only company that can develop, manufacture and market the drug in China.



Q. What other drugs is Aida Pharmaceuticals producing and/or developing?

A. Currently, Aida Pharmaceuticals is producing Etimicin Sulfate, the first patented antibiotic in China, which is regarded as a category "A" drug by the State Food and Drug Administration of China. It is used to treat various infections and inflammations. The Company controls its raw material supplier for Etimicin Sulfate and this drug represents nearly all of the company's revenues currently. Additionally, Aida holds the exclusive patent on the powder and transfusion form of Etimicin Sulfate through 2012 and is one of two exclusive producers of its liquid form.

In addition to Etimicin Sulfate and Rh-Apo2L, Aida is developing an anti-cancer medication derived from 5-fluorouracil which has initially been shown to have nominal side effects; early tests suggest it will be effective in treating certain forms of cancer. Aida has applied for production approval of the drug for injection from the SFDA. This new drug is expected to have a 6-year protection period upon approval. Aida Pharmaceuticals is also developing a third anti-cancer drug. The clinical tests for this drug are expected to be completed by the end of the second quarter of 2008 and production is expected to begin before year-end 2009.

Aida Pharmaceuticals is also developing a stroke recovery medicine, SY02, extracted from vegetables with bioactivity for anti-clotting in the brain. Aida Pharmaceuticals' allied research institute has completed a pharmacological study and applied for a patent for SY02. The institute has already invested heavily in the development of the drug and plans to apply for clinical tests within the next eighteen months. Aida intends to apply for production approval by year-end 2010. The drug has thus far shown to be safe and effective, resulting in full recovery with only nominal side effects.

In even earlier stages of development, Aida is currently conducting research on three new drugs, which have yet to receive approval for clinical trials; they are currently being evaluated for pre-clinical trials. These drugs are:

Prodigiosin to Treat Pancreatic Cancer:

Prodigiosin, a naturally occurring red pigment, is currently in pre-clinical trials for the treatment of pancreatic cancer. Aida Pharmaceuticals is developing a method to utilize the biochemical properties of Prodigiosin to create a non-invasive treatment for pancreatic cancer.

Anti-CD86 Monoclonal Antibody to Treat Immunity Diseases:

Certain immunity diseases activate T-cells (a type of white blood cell), causing them to unnecessarily attack healthy tissue. Aida's goal in developing the AntiCD86 Monoclonal Antibody is to inhibit T-cells from harming healthy tissue.

Anti-CTLA-4 Monoclonal Antibody to Inhibit Tumor Growth: In the case of certain cancers, tumors over-express self-proteins, essentially hiding the tumor from the immune system. Aida Pharmaceuticals is in the development stages of Anti-CTLA-4 Monoclonal Antibody which may relieve the inhibition of T-cells allowing them to identify the over-expressed proteins and in turn naturally attack cancer cells without harming healthy tissues.