

mariposa Health

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Dear Shareholder,

HI-164: Out-license for P.R. China

I am pleased to advise that Mariposa Health has now completed an agreement to out-license our oral vaccine to bacterial *H. influenza*, known as HI-164, to the Chinese pharmaceutical company, Shanxi Kangbao Biological Products Company of Shanxi Province, P.R. China. The agreement provides Shanxi Kangbao with the exclusive rights to develop, manufacture and market HI-164 for the territories of P.R. China, Macau, Hong Kong and Taiwan. Shanxi Kangbao will pay all development costs within China and we will co-operate with technology transfer and subsequently share development information.

The terms of the agreement include the receipt by Mariposa of an up-front fee followed by milestone payments during product development totaling CNY 40million (approx. USD 6.2m), followed by royalties upon sales. HI-164 is being developed for COPD, a chronic lung disease. COPD affects in the order of 64million people in P.R. China due to air-borne pollution and a high incidence of smoking.

We look forward to working with Shanxi Kangbao Biological Products Company in this important and indeed, pioneering project between our companies.

With kind regards,



Dr Phillip Comans
Executive Chairman and CEO

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