

The Announcement of License and Collaboration Agreement with Hunan Fangsheng Pharmaceutical Co. Ltd.

LipoMedics Inc. (the “Lipo”) has entered into the License and Collaboration Agreement on July 10, 2016 with Hunan Fangsheng Pharmaceutical Co.Ltd., China (the “Fangsheng”), whereas Fangsheng has invested in Lipo for its newly issued common shares, representing 30% of the total share capital of Lipo after the investment. The material provisions include but not limited to assisting Fangsheng in upgrading its manufacturing plant to a cGMP manufacturing plant, licensing sales and distribution right of LM-001 in China to Fangsheng.

In 2014, the latest "World Cancer Report" of World Health Organization showed that Chinese newly diagnosed cancer cases were 3.07 million, accounting for 21.8% of the global total in 2012. For the past 5 years, the number of cases in China diagnosed with cancer and still surviving was approximately 7.49 million (3.68 million male patients and 3.81 million female patients), according to the data of Cancer Survivors of Chinese residents released by the National Cancer Center in October 2015. Cancer Therapeutics Drugs have been the leader in the global pharmaceutical market since it surpassed Hypolipidemic Drugs in 2007, with sales of more than \$70 billion in 2012. According to the analysis of agency data, the global market capacity of anticancer drugs is more than 100 billion dollars in 2015.

Lipo is in the research of nanoparticle cancer therapeutic drugs LM-001, LM-101, LM-201 and LM-301. Lipo’s portfolio also includes therapeutic drug monitoring. Its projected annual sales revenue could be more than hundreds of million dollars. Fangsheng through this investment will leverage the deep experience of Lipo on nanoparticle anticancer drugs and lays a solid foundation for expanding its market of anticancer drugs in China.

Fangsheng aims to complete the layout and development of its overseas business through investment in Lipo, which is an outstanding US pharmaceutical research and development company. Lipo will help Fangsheng achieves strategic objectives in the introduction of international advanced technology, completion of international certification, and achievement of the layout and expansion of the overseas business.

Fangsheng foresees the investment in Lipo as an opportunity to build its production plant in China that will be in compliance with the United States FDA and the European Union cGMP standards, and also achieve international registration of products as soon as possible. This will lay a solid foundation for Fangsheng to achieve its international strategy for commercial pharmaceutical productions in the area of oncology drugs.

Fangsheng will further enhance its overall R&D capability by investment and in-depth cooperation with Lipo, which possesses the leading R&D technologies in the field of cancer therapeutics.