

## Bio\*One takes US\$10m stake in Nasdaq firm

*EDB unit buys 1.25m new Alexza shares, a 3.8% holding*

By CHEN HUIFEN

SINGAPORE biomedical investment firm Bio\*One Capital has pumped US\$10 million into Alexza Pharmaceuticals in a deal that involves the Nasdaq-listed company setting up a manufacturing plant here.

Bio\*One, the life sciences investment unit of the Economic Development Board, is buying 1.25 million new Alexza shares at US\$8 a share, which will give it a 3.8 per cent stake.

The price is 15.6 per cent higher than Alexza's closing price of US\$6.92 before the announcement. Bio\*One said that it may receive an additional 135,041 shares, 'subject to certain conditions'.

BT understands that if the stock does not sustain a 45-day average trading price of at least US\$8 over the coming months, Bio\*One will be entitled to the additional shares, which would adjust the effective price of its Alexza stake to US\$7.22 a share.

An emerging speciality drug company, California-headquartered Alexza has about six product candidates in clinical phases. Known for its proprietary drug delivery system called Staccato, the company posted a net loss of US\$45.1 million last year, up from US\$41.8 million in 2006.

The seven-year-old company did not generate any revenue last year but expects to break even in 2013, or roughly three years after it submits its first drug application - together with its Staccato platform - for approval by the US Food and Drug Administration. It aims to market its first approved drug, likely to be a therapy for acute agitation in schizophrenic patients, in 2011.

Alexza has set up a wholly owned subsidiary, Alexza Singapore Pte Ltd, that will make the disposable version of its Staccato device. The system allows unformulated drugs to be rapidly vaporised, condensed into aerosol and administered through inhalation.

Staccato allows a drug to take effect in the body at 'the speed of IV' (intravenous injections) without the pain and inconvenience, according to Alexza president and CEO Thomas King. 'For instance, when someone has very intense migraine, it comes on very suddenly, usually without much warning,' he said. 'And we know therapeutically that speed of onset is very important to getting the best outcome.'

Alexza is yet to find a site for its Singapore plant, but said that it is looking for a partner here so that it does not have to build its own facility from scratch. It hopes to start initial production for use in clinical trials next year.

Apart from being a production base, Singapore will be Alexza's launch pad into the Asia-Pacific, particularly China, India and Japan. It plans to use Singapore as a base from which to manage future partnerships in clinical development and sales and distribution in the region.

Alexza will also issue a warrant to Bio\*One for the purchase of up to US\$3 million of additional Alexza shares at US\$8, subject to the same price adjustment as the common stock sale. The warrant will become exercisable if Alexza terminates operations in Singapore or 'does not achieve certain performance milestones'.

Bio\*One has become one of the top 15 shareholders of Alexza, whose other top investors include Versant Venture Management, Frazier Healthcare Ventures, Abingworth Management, Zesiger Capital Group and AllianceBernstein.