

January 2015

TO OUR SHAREHOLDERS AND FRIENDS:

Last year was an extremely productive and exciting year for NEONC TECHNOLOGIES INC. (Neonc). Many significant events occurred and milestones were achieved resulting in a great year for the Company and our Investors.

IND APPLICATION

The most significant achievement in 2014 was the FDA approval of our Investigative New Drug Application (IND) that occurred in early December, 30 days after our application was submitted. The IND permits Neonc to undertake a clinical trial with NEO100 (highly purified perillyl alcohol) in patients with recurrent glioblastoma multiforme, one of the deadliest forms of brain cancer. In 2013, Neonc set a goal for submitting and gaining approval of an IND for NEO100 during 2014. With the oversight of Neonc's Chief Regulatory Officer, Dr. Vince Simmon, along with the support of Clindatrix, Norac Pharma and Neonc's management team lead by the Chairman, Dr. Thomas Chen, that goal was achieved. This achievement is very significant for Neonc in a number of ways. The valuation of a biotechnology development company increases two to five fold when it advances from pre-clinical research to conducting a clinical trial(s) which is great news for our Investors. Now that we have NEO100 clinic ready, we anticipate that opportunities to partner with a larger pharmaceutical company will be greatly enhanced, and preliminary discussions with one Pharma Company are already underway. There is still some paperwork at USC to be completed before the first patient is enrolled.

RESEARCH

Last year, in research, Neonc continued to demonstrate the key claims of our issued patents and patent applications. Our conjugate patent was based on the principle that conjugating an approved drug with perillyl alcohol (POH) could produce a new drug that has better blood-brain barrier penetrance, a different mechanism of action, and/or more potency. We have demonstrated that our temozolomide - perillyl alcohol conjugate, TMZ-POH, (aka NEO212), is much more potent than TMZ alone. TMZ-POH has improved efficacy compared to TMZ in a breast cancer brain metastasis model (1), and a TMZ-resistant glioma model (2). Both articles were published this year in a respected journal called *Molecular Cancer Therapeutics* (and can be found on our web site). TMZ-POH has also been used in a systemic melanoma model with great results (3). Moreover, no significant toxicity was demonstrated in our mouse toxicity model.

The data on another conjugate, Rolipram-POH, labeled NEO214, has been equally exciting. We do not have a paper published yet, but our preliminary data demonstrates that NEO214 may be able to treat tumors that are normally resistant to TMZ.

Besides the publications, the findings on NEO212 have been presented as abstracts at the Asilomar Conference (Lake Tahoe, CA) and at a conference in Hong Kong describing the use of NEO212 in nasopharyngeal carcinomas. Multiple grants have been submitted including an NIH Small Business Technology Transfer (STTR) grant for NEO212 to treat gliomas, and a Department of Defense (DOD)



grant for metastatic brain cancer from breast metastases. We expect to hear if they are awarded later in 2015.

INTELLECTUAL PROPERTY

On December 20, 2014, the company was awarded a patent for TMZ-POH (NEO212). This is the second patent issued to the Company. The significance of this patent, besides being owned solely by Neonc, is that the US Patent Office and FDA recognize TMZ-POH as a unique new chemical entity with 20 years of patent protection. We expect that additional conjugates we are constructing will receive similar recognition.

Neonc has filed its patents in the major jurisdictions around the world. Importantly, filings are being made in Taiwan where there is significant investor interest in conducting research and exploiting the advances that Neonc made last year. Investors have established a company in Taiwan that will license the patent rights in return for Neonc having an equity interest, and when sales are made, Neonc will receive royalties. Interested parties in Brazil are looking into creating a similar subsidiary in their country.

Neonc continues to file additional patents as results from research warrant, and to increase and expand the claims of our existing patent portfolio.

FUNDING

Since the acceptance of the IND, there is very preliminary interest from a pharma company about NEO100 and discussions with them will occur early in 2015. Additionally, management is investigating other financing avenues. Clearly the achievements of 2014 have substantially increased the overall value of the company.

As of December 31, 2014 cash on hand was over \$1.6 million. Our development partner, Orient EuroPharma, has provided substantial funding for our IND submission.

CONCLUSION

Important achievements were accomplished this year. Research has shown that TMZ-POH (NEO212) has the potential to be a block buster drug. A patent has issued for NEO212. Our IND application for NEO100 has been approved, and we will be starting clinical trials in 2015. Funding has been closed for our A Round, raising approximately \$3 million; we are in the process of planning for our B round that we believe will be at a higher valuation.

The Management Team

REFERENCES:

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3. **Chen TC, Cho HY, Wang WJ, Nguyen J, Jhaveri N, Rosenstein-Sisson R, Hofman FM, Schonthal AH.** A novel temozolomide analog, NEO212, with enhanced activity against MGMT-positive melanoma in vitro and in vivo. *Cancer Letters*, 2015.