



## **Portable Vision Diagnostic Device**

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# Analysis: Ovitz commercialization project in the Chinese Market

Ovitz has created a revolutionary new product for instant vision diagnostics that is designed to be a compact, portable, accurate, easy-to-use, multifunctional device. Instant highly accurate prescriptions at a fraction of the current cost.



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# Ovitz is a global breakthrough in Optical Technology that will revolutionize the PRC Optical market.

- The Ovitz vision product and advanced technology solutions are now in production after an extensive testing period as would be expected with any medical related device sold within the United States.
- Although the production (60 units manufactured in the first run of production) and third party professional sales have just started within the past few months, these key first market sales to vision care professionals has validated the product at this early stage of the company going to market strategy. The cost of the Eye Profiler is about 75% less than equipment currently in use within the US.
- The Ovitz Eye Profiler can be used with ease and little training.
- Very few new Advanced Technology products have the ability to completely change an industry...but Ovitz clearly will do so...and quickly and fully disrupt the existing marketplace worldwide.

# Ovitz has retained the US-China Center to find a PRC licensee to commercialize the market.

1. Ovitz is in the process of seeking an additional round of capital financing in the US for \$1.5 million.
2. As an additional capital formation strategy, Ovitz is working with the US-China Center to seek a high quality PRC commercialization licensee willing and able to fully exploit the PRC market opportunity.
3. The **Basic Terms of the commercialization license** transaction would be approximately as follows:
  - **Upfront License Fees & Prepaid Royalties:** Licensee would pay approximately \$1.5 million in non-refundable upfront license fees and prepaid royalties (in lieu of an ownership interest in the licensee firm), to Ovitz in exchange for an exclusive right to manufacture, market and sell the Ovitz Portable Vision Diagnostic Device exclusively within the PRC territory.
  - **License Unit Royalties.** For each Annual Period, LICENSEE shall pay LICENSOR earned royalties of (“**UnitRoyalties**”) according to the following schedule:
    - a) One percent (1.0%) of the first \$1,000,000 of Gross Receipts since the Effective Date;
    - b) One and Quarter percent (1.25%) of Gross Receipts since the Effective Date between \$1,000,001 and \$50,000,000;
    - c) One and One Half percent (1.50%) of the Gross Receipts since the Effective Date in excess of \$50,000,000.

# What does the PRC Market Opportunity Look Like

**The Ovitz Eye Profiler will radically change and reduce the cost of providing vision care services within the PRC and**

**Address major vision care issues for the growth of the Myopia (nearsightedness) epidemic that is exploding with children due to the use of modern computers, iPads, gaming devices and iPhones.**

# Myopia (Nearsightedness) in China

The prevention and control of myopia in China is facing a grim national vision crisis situation.

The data shows that the ***incidence of myopia in China is very high.***

In 2012, of the total population over the age of 5 in China, the number of **Chinese people with Myopia is about 450 million people.**

By 2050, for every Ten people in the world - One person suffers from myopia, and ***one-third of these people diagnosed with Myopia in the world will be Chinese.***

**Chinese Youth Myopia Ranked No. 1 in the World.**

# About Myopia - Nearsightedness, or myopia, is the most common [refractive error](#) of the [eye](#), and it has become more prevalent in recent years.

**Myopia:** Though the exact cause for this increase in nearsightedness among Americans is unknown, many eye doctors feel it has something to do with eye fatigue from computer use and other extended near vision tasks, coupled with a genetic predisposition for myopia.

## What Causes Myopia?

- Myopia occurs when the eyeball is too long, relative to the focusing power of the cornea and lens of the eye. This causes light rays to focus at a point in front of the [retina](#), rather than directly on its surface.
- Nearsightedness also can be caused by the [cornea](#) and/or [lens](#) being too curved for the length of the eyeball. In some cases, myopia is due to a combination of these factors.
- Myopia typically begins in childhood and you may have a higher risk if your parents are nearsighted. In most cases, nearsightedness stabilizes in early adulthood but sometimes it continues to progress with age.

# Presbyopia in China

From the report from 2016, The number of uncorrected presbyopic people in the population over the age of 40 in China is about 371 million. Uncorrected presbyopia is common among middle-aged and older people.

Corresponding to the high incidence of morbidity, with the development of the entire Chinese economy and the overall improvement of the medical level, people have set higher requirements for ophthalmology and changed from “seeing” to “seeing and seeing well”. , not only to restore the basic visual abilities, but also to have high-quality far, medium, and long-distance visions to meet the functional needs of life and improve the quality of life.



# What Is Presbyopia?

Presbyopia is when your eyes gradually lose the ability to see things clearly up close. It is a normal part of aging. In fact, the word "presbyopia" means "old eye" in Greek.

## What Causes Presbyopia?

- Your clear lens sits inside the eye behind your colored iris. It changes shape to focus light onto the [retina](#) so you can see. When you are young, the [lens](#) is soft and flexible, easily changing shape. This lets you focus on objects both close-up and far away. After age 40, the lens becomes more rigid. It cannot change shape as easily. This makes it harder to read, thread a needle, or do other close-up tasks.
- There is no way to stop or reverse the normal aging process that causes presbyopia. However, presbyopia can be corrected with eyeglasses, contact lenses or surgery. If you do not correct presbyopia, you may be bothered by headaches and eye strain.

# Practice of Abnormal Cornea Treatment in China

Corneal congenital abnormalities include congenital anomalies in the size and shape of the cornea, as well as some other congenital diseases.

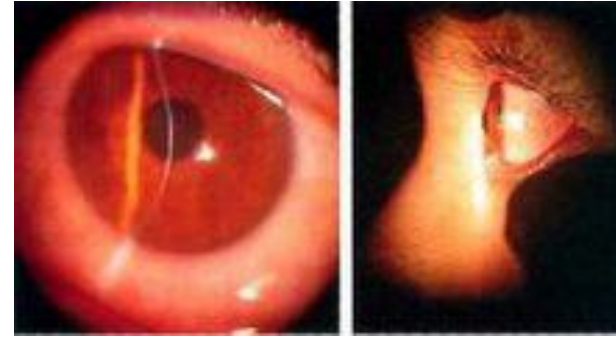
Objective To discuss the diagnosis and treatment of congenital abnormalities of the cornea.

Methods Diagnosis and treatment were based on the clinical manifestations and the results of the auxiliary examination. Conclusions Congenital abnormalities of the cornea include remedial methods and surgical treatments.

It contains macrocornea大角膜, microcornea小角膜, keratoconus 圆锥角膜and corneal dermoid角膜皮样囊肿.

China's early diagnosis of abnormal Cornea is could be substantially better with Ovitz

# keratoconus 圆锥角膜



## Clinical manifestations

General incidence before and after puberty, eyes disease, progressive vision loss, can be corrected with myopic lenses at the beginning, due to irregular astigmatism and need to wear contact lenses to increase visual acuity.

## Treatment plan and principle in China

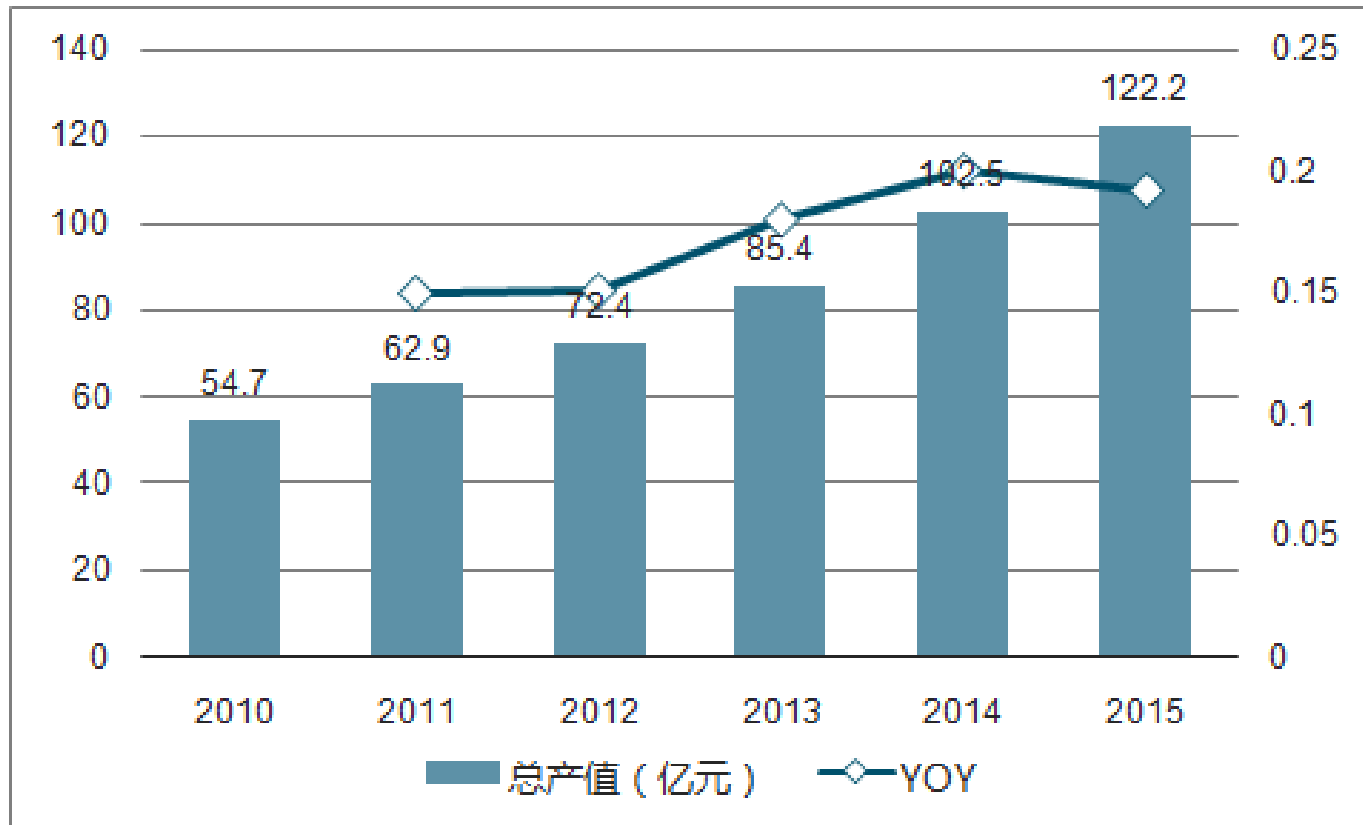
1. Mild patients can wear glasses or contact lenses to improve their vision based on the optometry results.
2. The spectacles or contact lenses can not be satisfactory corrected visual acuity, or keratoconus develop faster, corneal transplantation should be performed.
3. In the early and mid-term keratoconus and the central cornea without turbidity, lamellar keratoplasty can be considered, but the penetrating keratoplasty cannot be achieved after the operation.
4. Acute keratoconus should be extended surgery.

# China Ophthalmic Medical Industry Overview

Chinese ophthalmic medical device industry is an emerging health industry (a veritable sunrise industry). Due to its short-term development, both its production capacity and R&D are far from meeting market demand.

Chinese ophthalmic medical device market was approximately \$1.93 billion (12.2 billion Chinese yuan) in 2015, an increase of 19.22% compared to 2014

# Market Size of China Ophthalmic Medical Device Industry from 2010 to 2015

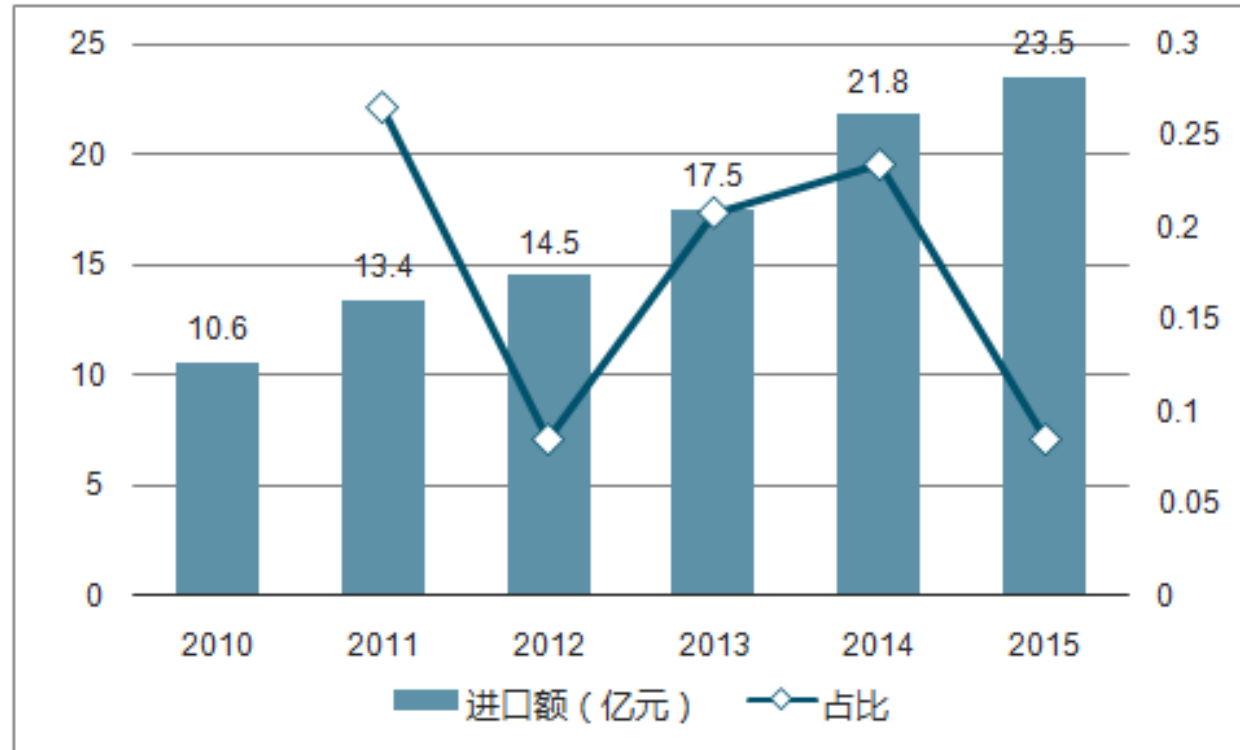


Market size:100 million Chinese yuan Year-on-year growth rate

## Important Market Observations:

- The Chinese ophthalmic device market *is in a period of rapid growth*.
- The **compound growth rate** of the industry in 2010-2015 was 17.4%.
- The proportion of **imported ophthalmic devices** is *about 20%*, which **occupies a monopoly position** *in the high-end ophthalmic market in China*.

# The Ophthalmic Instrument Market Scale of China in 2010-2015



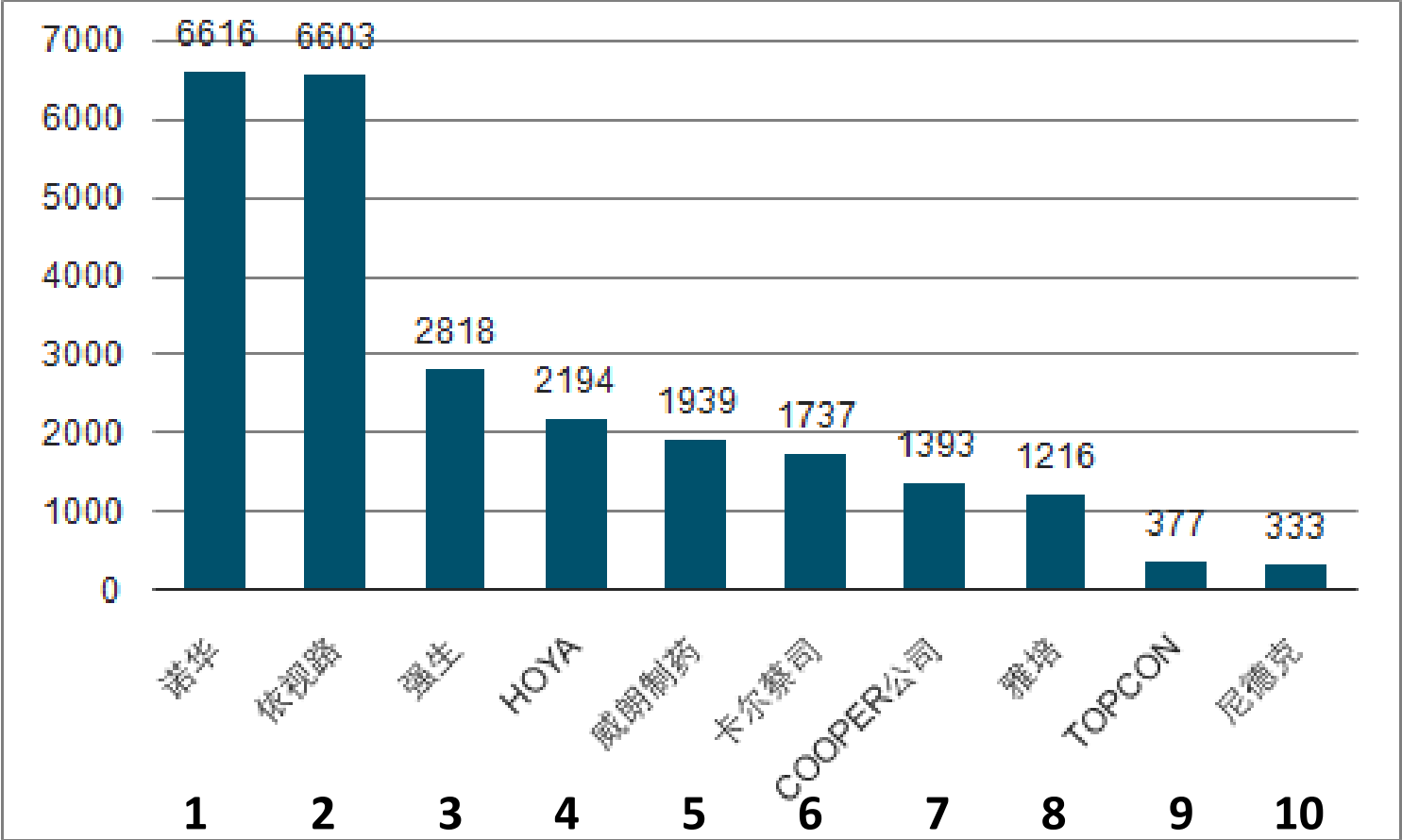
Import amount:100 million Chinese yuan    Percentage

## Other Key Factors:

1. **Chinese domestic ophthalmic equipment industry *has low concentration, foreign brands dominate the high-end market***
2. The **global ophthalmology medical device industry** has a *high degree of market concentration.*
3. 3. The **market share of the top ten companies** – Novartis, Essilor, Johnson & Johnson, HOYA, Valeant Pharmaceuticals, COOPER, Carl Zeiss, Abbott, TOPCON, and NIDEKO, *exceeds 98%.*
4. After years of market penetration and academic propaganda, international giants represented by *Essilor and Novartis have a high degree of recognition* in the first-class hospitals and major ophthalmology hospitals, *leading the high-end market for ophthalmology in China.*



# 2014 TOP10 Ophthalmic Device Sales (Millions of U.S. Dollars)



1 Novartis, 2 Essilor, 3 Johnson & Johnson, 4 HOYA, 5 Valeant Pharmaceuticals, 6 COOPER, 7 Carl Zeiss, 8 Abbott, 9 TOPCON, and 10 NIDEKO

## The Time is Right to Commercialize the Ovitz Vision Product in the China Marketplace

*Increased demand for Chinese ophthalmology treatment, ophthalmic device market is expected to benefit*

The *incidence of eye diseases* and *the demand for medical treatment* in China have increased year by year.

In 2014, the *number of emergency department for ophthalmic* doors in China reached *93 million person-times*, which was a *year-on-year growth of 7.1%*.

The *compound growth rate* in 2010-2014 was 8.5%.

In 2014, the *number of hospitalized patients* in China's eye hospital reached close to 1 million, a year-on-year *increase of 21.4%*, and the *composite growth rate* in **2006-2014** was 20.2%.

The increase in the number of ophthalmic visits is expected to expand the demand for procurement of ophthalmic equipment.

# Chinese major ophthalmic medical device company ranking table

Number	Company Name
1	苏州六六视觉眼科医疗器械股份公司
2	上海爱瑞视眼科医疗器械公司
3	苏州医疗器械总厂
4	北京市希翼互通医疗器械公司
5	上海康洲医疗器械有限公司
6	广州鑫视康医疗器械有限公司
7	上海市新眼光医疗器械股份有限公司
8	北京康明眼科医疗器械有限责任公司
9	上海纪革森医疗器械有限公司
10	石家庄泓瑞康医疗器械有限公司

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