

State of China Life Science – 2021

*Back on Track –
VC, Partnering and IPOs Exploding*






Special Report for China Showcase 2021

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CHINABIO[®] GROUP
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2020 Overview – Exploding ahead in spite of COVID-19

New records set in #, amount and size of New Funds Raised, VC investments, IPOs and Partnering; M&A continues slump

Area	2020	2019	2020-2019	1 Year Trend	5 Year Trend
New Funds Raised	\$56.1B	\$23.4B	2.3X		3X
VC/PE Investment	\$28.5B	\$14.4B	2.0X		5X
M&A	\$9.7B	\$24.7B	-60%		-55%
IPOs	\$23.3B	\$7.9B	2.9X		5X
Partnering	\$30.5B	\$17.6B	1.7X		8X

Source: ChinaBio® Consulting

Overall factors driving China life science investment

Fundamentals still in place for successful cross-border deals

-  Fundamentals – Major Socio-economic Trends
 - Only major economy with positive GDP growth in 2020; 300M+ middle class
 - Aging population (31% by 2050); chronic disease rising 20-30%/yr
 - #2 pharma market with estimated \$1T in HC spending in 2020
-  Robust China Government Support for Healthcare Innovation
 - \$100B+ / yr in funding, improving healthcare policies
-  Significant VC/PE and Partnering Activity
 - VC investment in healthcare #2 only to US
-  Sweeping Regulatory Changes
 - Significant moves toward global standardization over the last 6 years
 - Acceptance of foreign data, MRCTs, data exclusivity, orphan indications
-  FUDD Factor – Fear, Uncertainty, Doubt and Difficulty
 - Fear of continued US/China tensions and trade wars
 - Uncertainty of President Biden's policies toward China
 - Doubt of China's true economic strength
 - Difficulty of doing business in China (RMB, reimbursement, staffing...)



The map shows China with several provinces highlighted in different colors to indicate investment activity. A large red area covers the northern and eastern regions, including Beijing, Tianjin, Hebei, Liaoning, and Shandong. A blue area covers the southern coastal region, including Guangdong and Hong Kong. Other provinces like Shaanxi, Jiangsu, and Hubei are highlighted in green and yellow. Major cities like Shenyang, Dalian, Xian, Taizhou, Nanjing, Guangzhou, and Shenzhen are labeled.

Investment Activity

ChinaBio® has helped raise over \$500M in funding for western and China-based life science companies

New VC/PE funds rebound

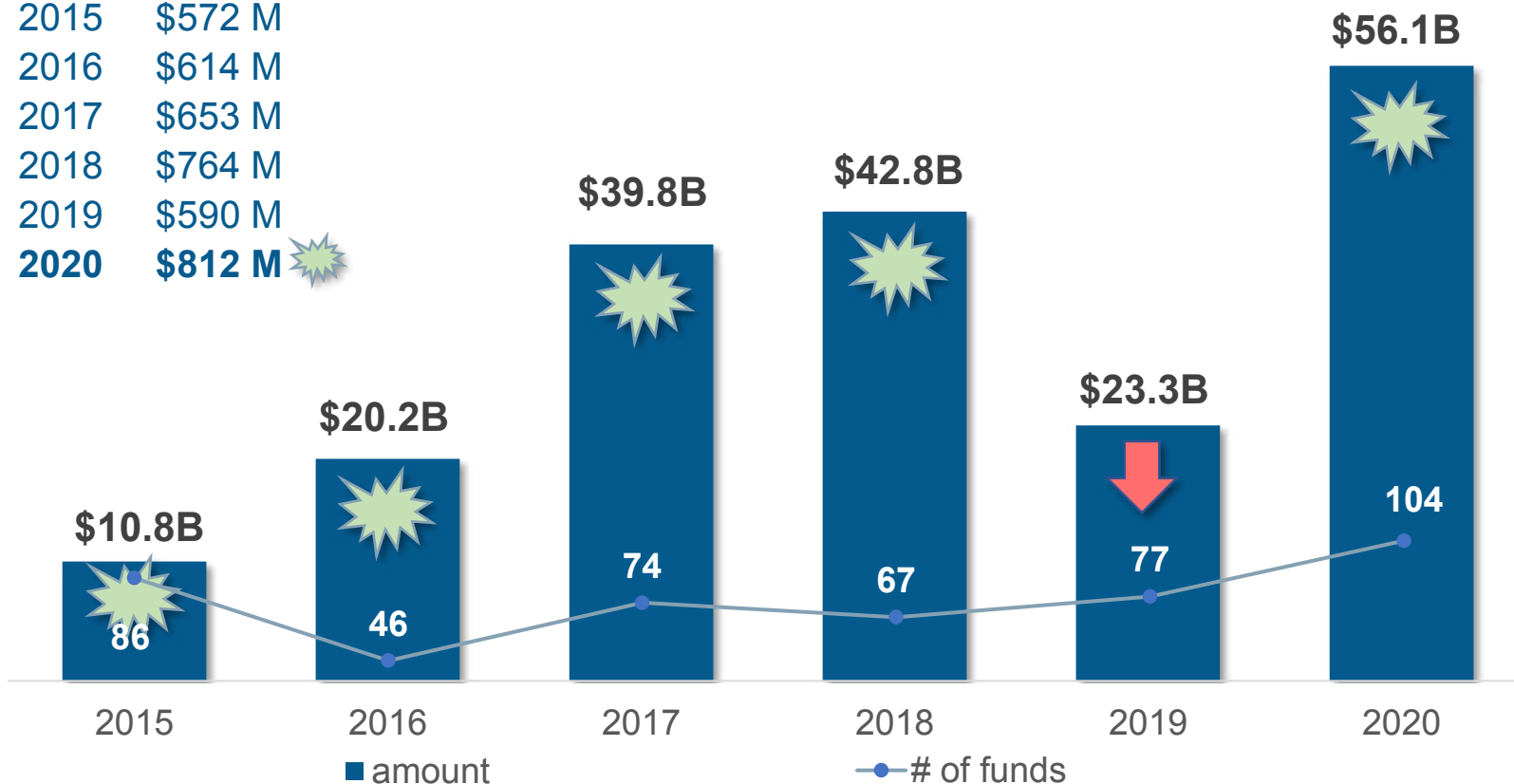
Both fund number and size hit new record

VC/PE Funds Targeting China Healthcare

Over \$180B raised in new funds in last 5 years!

Average

2015	\$572 M
2016	\$614 M
2017	\$653 M
2018	\$764 M
2019	\$590 M
2020	\$812 M



Source: ChinaBio® Consulting

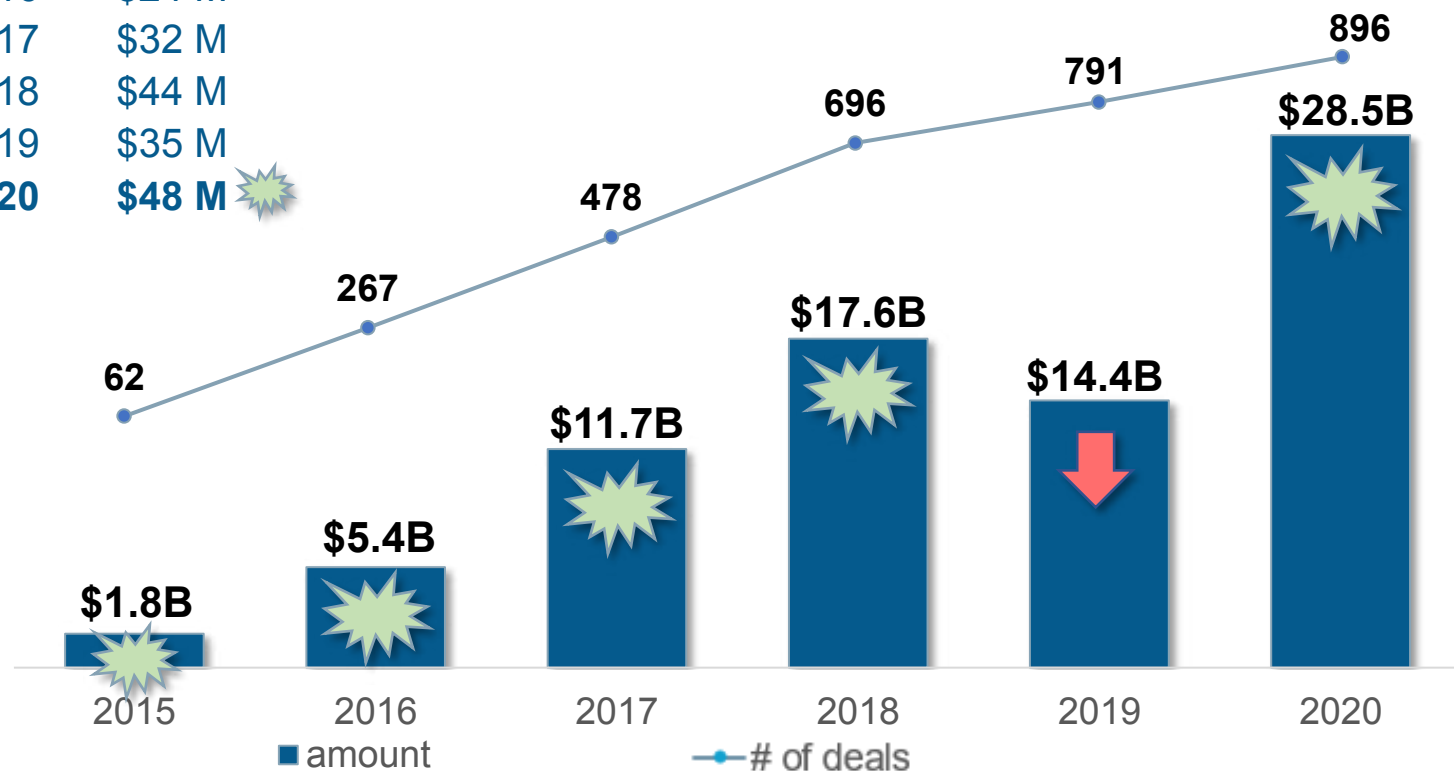
Investment flowing into life science companies bounces back – a record year of both deal numbers and amount

VC/PE Investment in China Healthcare

Average

With \$80B invested, could \$100B still be available?

2015	\$38 M
2016	\$24 M
2017	\$32 M
2018	\$44 M
2019	\$35 M
2020	\$48 M

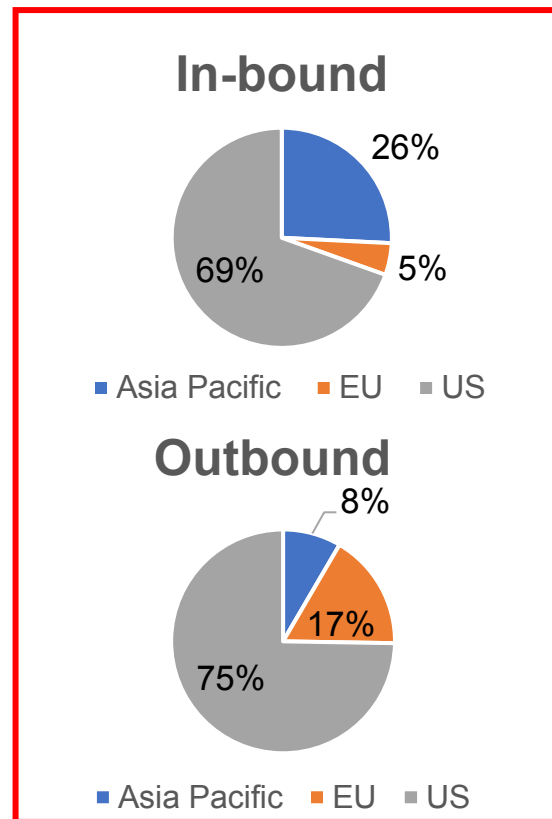
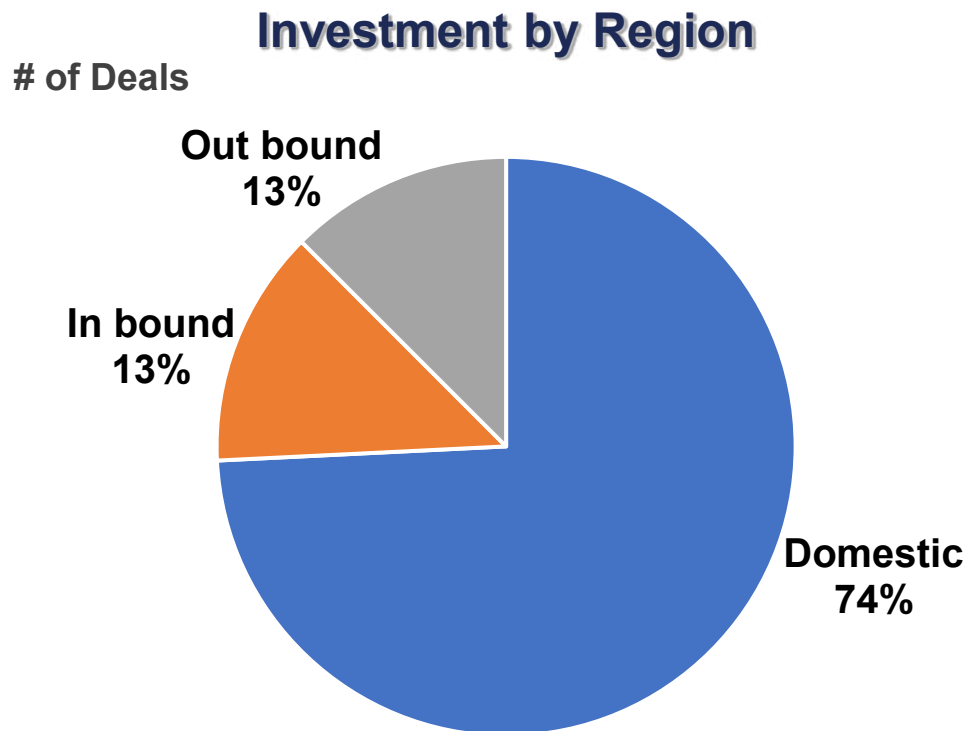


Source: ChinaBio® Consulting

Vast majority of cross-border VC investments still with US but shift toward more China-China investments

Cross-border VC/PE Life Science Investment

EU gaining in outbound investment from China

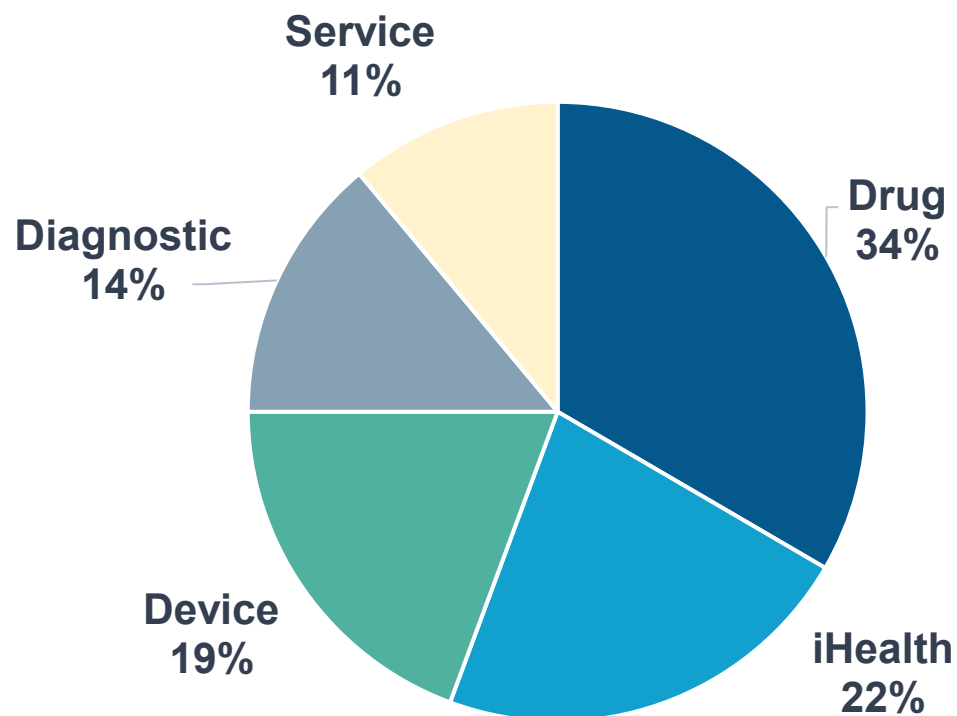


Source: ChinaBio® Consulting

Drug company investments back on top, pushing iHealth down to 2nd; device drops slightly after big gain last year

VC Investment 2020 – by Sector

of Deals



Source: ChinaBio® Consulting

VC Investment: Deals of Note 2020 (1)







Company	Type	Region	Investors	Month (2020)	Amount (USD)	
MGI Tech	Diag.	China	IDG, CPE, etc.	May	\$1B	
MedBot	Medical Device	China	Hillhouse, CPE, Biolink, Grand Flight, etc.	Aug.	\$512M	
DXY	iHealth	China	Trustbridge Partners, Tencent, Hillhouse	Dec.	\$500M	
XtalPI	Drug	China	SoftBank, PICC, Morningside	Sep.	\$319M	
Everest Medicines	Drug	China	CBC, Hillhouse, Janchor Partners, RA Capital	June	\$310M	
LianBio	Drug	China	RA Capital, Venrock, CMG-SDIC, etc.	Oct.	\$310M	
Medbanks	iHealth	China	Tencent, Jeneration, Morningside, Forebright	Dec.	\$305M	
Mabwell Biotech	Drug	China	Shiyu Capital, Oriental Fortune Capital, etc.	Apr.	\$279M	

Source: ChinaBio® Consulting



Cross-border Deals

VC Investment: Deals of Note 2020 (2)

Company	Type	Region	Investors	Month (2020)	Amount (USD)	
Waterdrop	iHealth	China	Swiss Re, Tencent	Aug.	\$230M	
RecBio	Drug	China	Sequoia, Vertex Ventures, HT Capital, etc.	Nov.	\$227M	
3D Med Diagnosis	Diag.	China	China Capital Management, Efung Capital, etc.	Oct.	\$225M	
CARsgen	Drug	China	Loyal Valley, LAV, Shiyu, Loyal Valley Capital	Nov.	\$186M	
Lepu Biotech	Drug	China	Ping An, Sunshine Insurance	Aug.	\$186M	
Nuance	Drug	China	CBC Group, HBM Healthcare, GT Fund, etc.	Dec.	\$181M	
Genor Biopharma	Drug	China	Hillhouse, Temasek, CR-CP Life Science Fund	June	\$160M	
Legend Biotech	Drug	China	J&J, LAV, Vivo, RA Capital, Hudson Bay	Mar.	\$150M	

Source: ChinaBio® Consulting



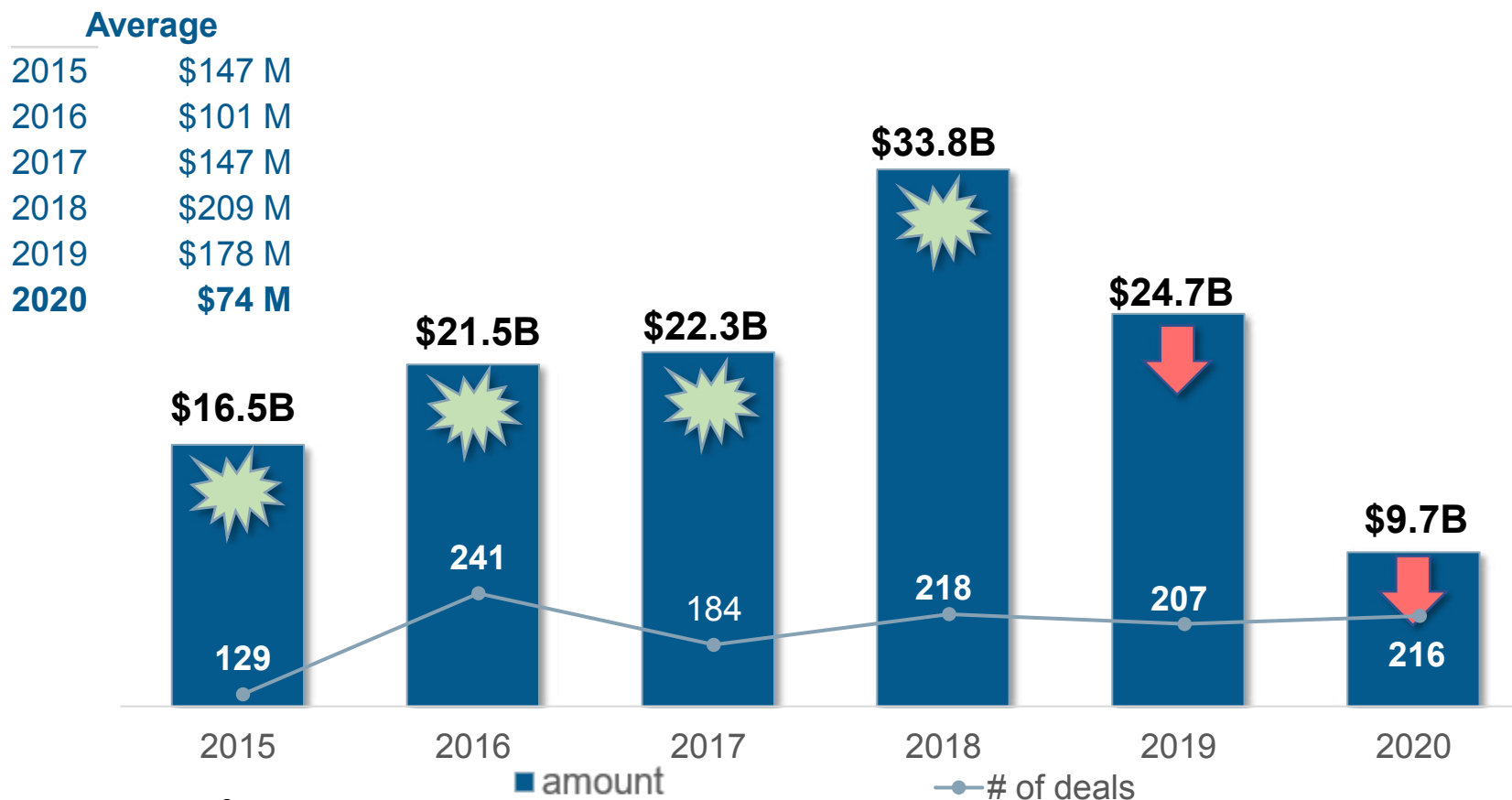
Cross-border Deals

M&A deal values plummeted 60% to just \$9.7B

Average deal size down 58% from 2019 levels

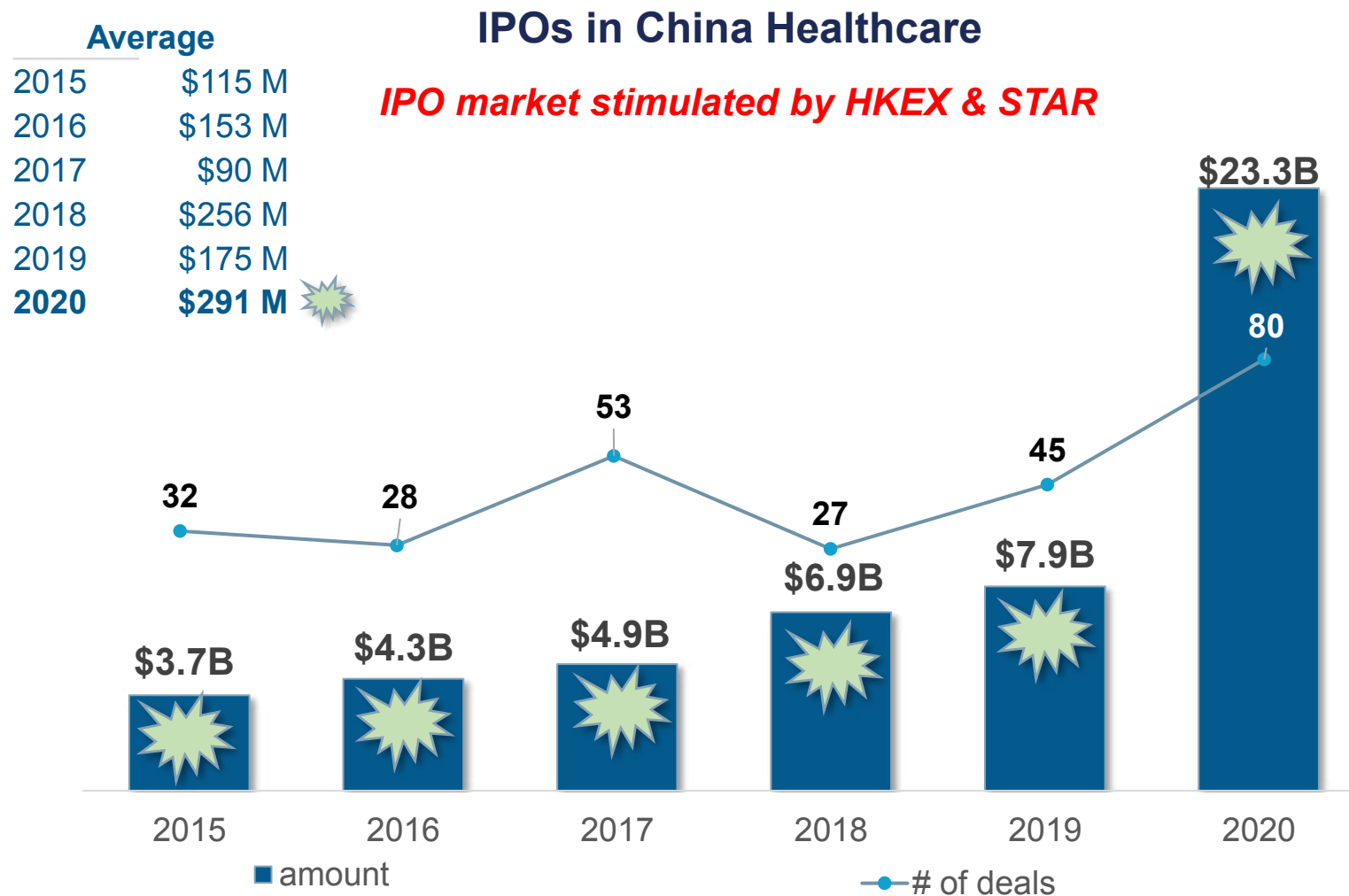
M&A Activity in China Healthcare

First 2-year decline in any China metric



Source: ChinaBio® Consulting

IPO funds soared to \$23.3B, tripling from 2019, with a 77% increase in the number of IPOs to a record 80



Source: ChinaBio® Consulting

Shanghai's new STAR exchange eclipses Hong Kong's new biotech exchange with 31 IPOs in 2020

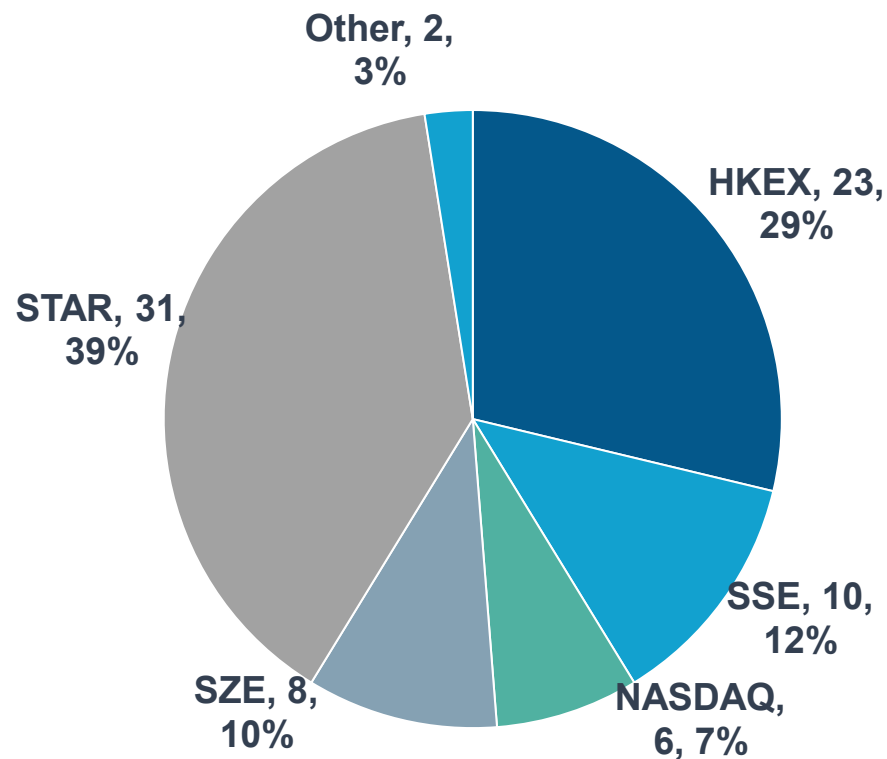
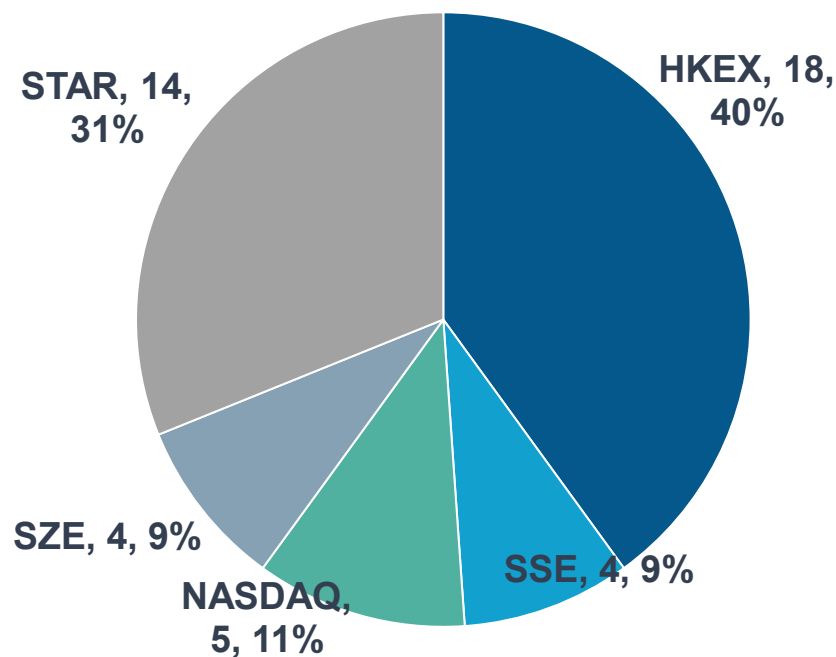
IPOs in China Healthcare by Exchange

NASDAQ remains most desirable foreign exchange

of Deals

2019

2020

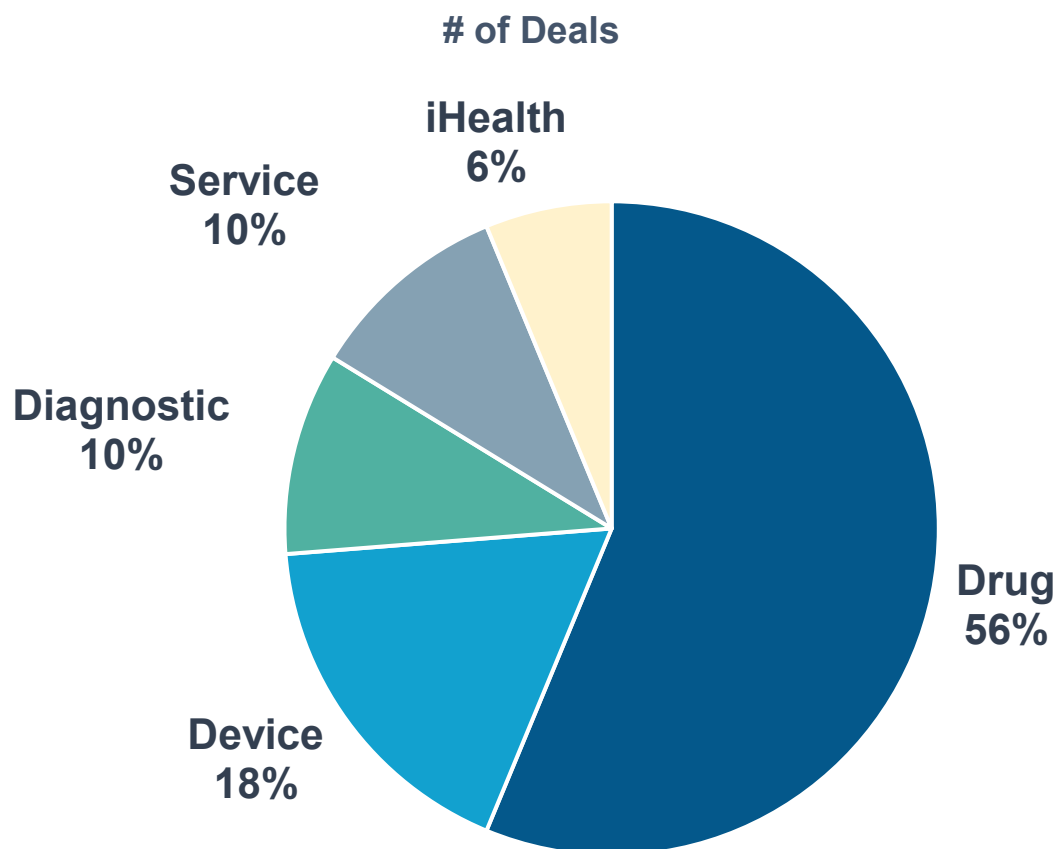


Source: ChinaBio® Consulting

Drug companies continue to dominate China's life science / healthcare IPOs in 2020

IPOs in China Healthcare by Company Type

iHealth smaller number of deals, but often higher value



IPO: Deals of Note 2020 (1)

Company Name	Exchange	Stock Ticker	Raised (USD)	Market Cap*(USD)	Company Type	Month (2020)
Zelgen	STAR	688266	\$292M	\$2.4B	Drug	Jan.
I-Mab	NASDAQ	IMAB	\$115M	\$3.4B	Drug	Feb.
Bio-Thera	STAR	688177	\$241M	\$2.1B	Drug	Feb.
InnoCare	HKSE	09969	\$293M	\$2.0B	Drug	Mar.
Akeso	HKSE	09926	\$335M	\$4.2B	Drug	Apr.
Legend Biotech	NASDAQ	LEGN	\$424M	\$3.6B	Drug	June
Burning Rock Biotech	NASDAQ	BRN	\$223M	\$2.6B	Diagnostic	June
Hygeia Healthcare	HKSE	06078	\$282M	\$4.1B	Service	June

Source: ChinaBio® Consulting

*Market Cap as of 6th Jan, 2021

IPO: Deals of Note 2020 (2)

Company Name	Exchange	Stock Ticker	Raised (USD)	Market Cap*(USD)	Company Type	Month (2020)
Junshi (Top Alliance)	STAR	688180	\$692M	\$11.4B	Drug	July
CanSino	STAR	688185	\$748M	\$14.2B	Drug	Aug.
Tigermed	HKSE	03347	\$1.4B	\$20.6B	Service	Aug.
Everest	HKSE	01952	\$451M	\$2.8B	Drug	Oct.
Zai Lab	HKSE	09688	\$761M	\$11.6B	Drug	Sep.
RemeGen	HKSE	09995	\$515M	\$7.2B	Drug	Nov.
JW Therapeutics	HKSE	02126	\$300M	\$1.3B	Drug	Nov.
JD Health	HKSE	06618	\$3.5B	\$58.3B	iHealth	Dec.

Source: ChinaBio® Consulting

*Market Cap as of 6th Jan, 2021



Partnering Activity

ChinaBio® has identified over 1000 partnering, licensing and acquisition candidates for western life science companies

New record for partnering, almost doubling 2019 amount

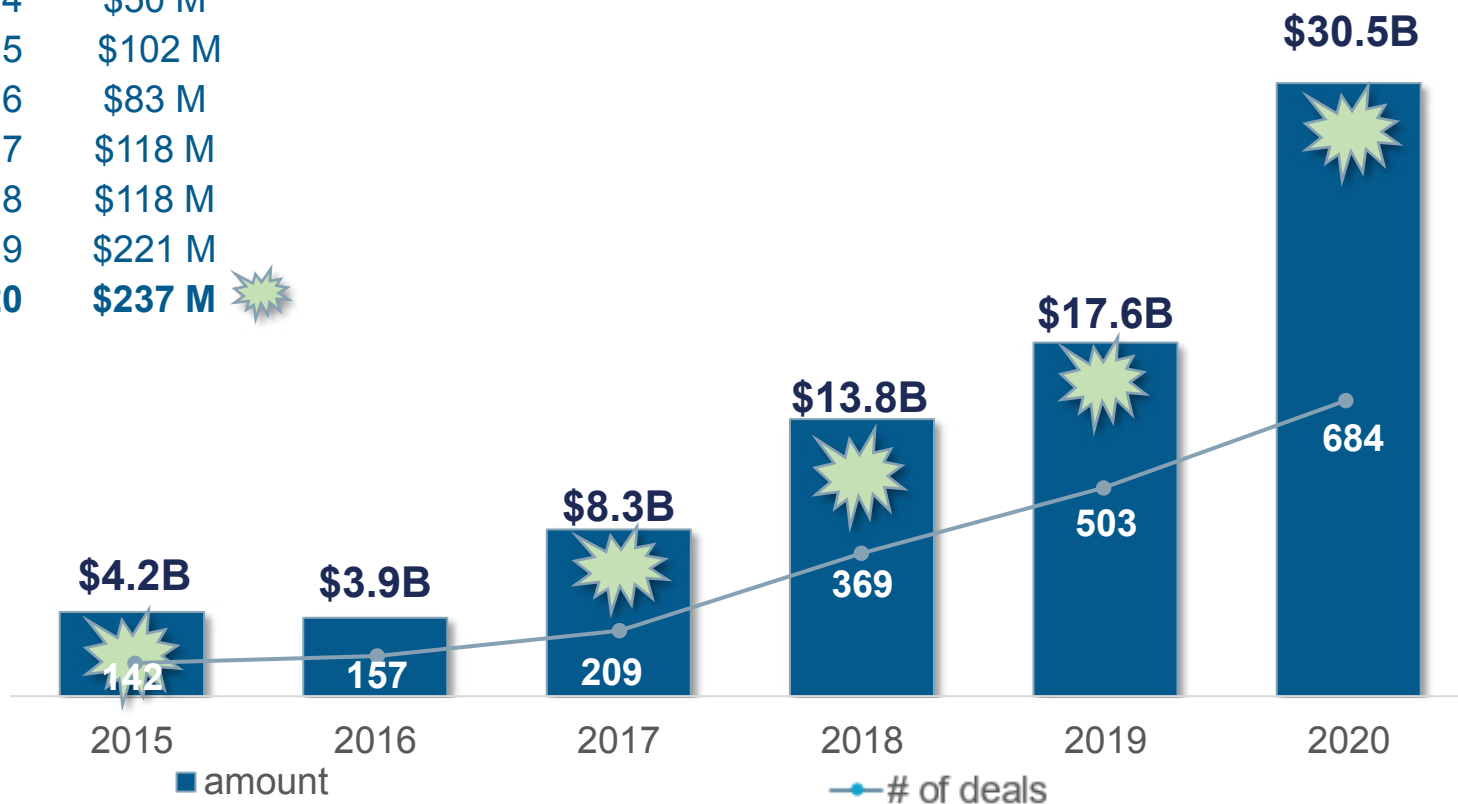
Number of deals and avg. deal size also set records

Partnering Deals in China Healthcare

Another blow-out year for partnering!

Average

2014	\$50 M
2015	\$102 M
2016	\$83 M
2017	\$118 M
2018	\$118 M
2019	\$221 M
2020	\$237 M

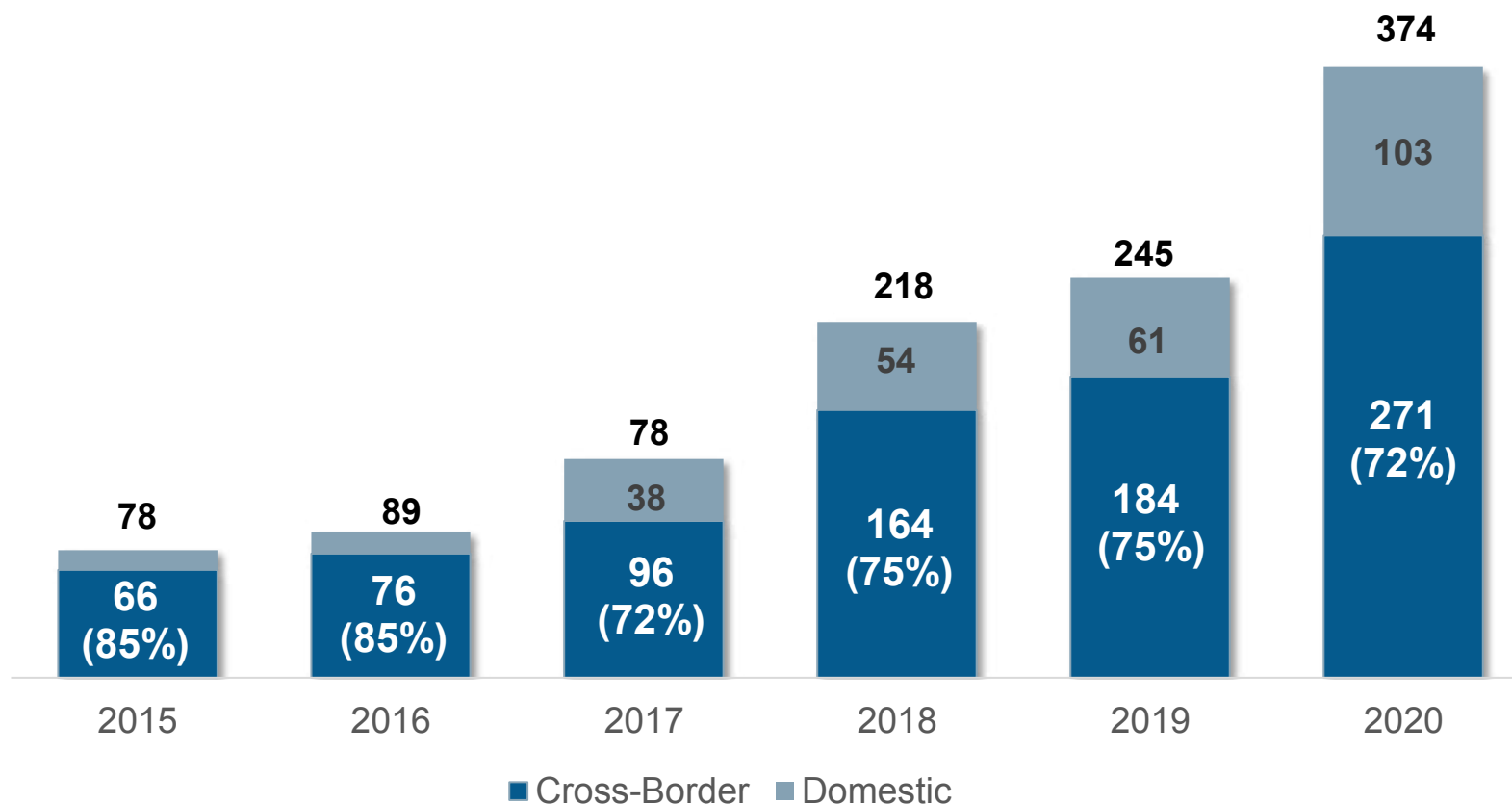


Pharma partnering hit a record 370+ deals

Domestic pharma collaboration grew stronger

Cross-border & Domestic Pharma/Biotech Partnering Deals

China-China partnering also remains strong



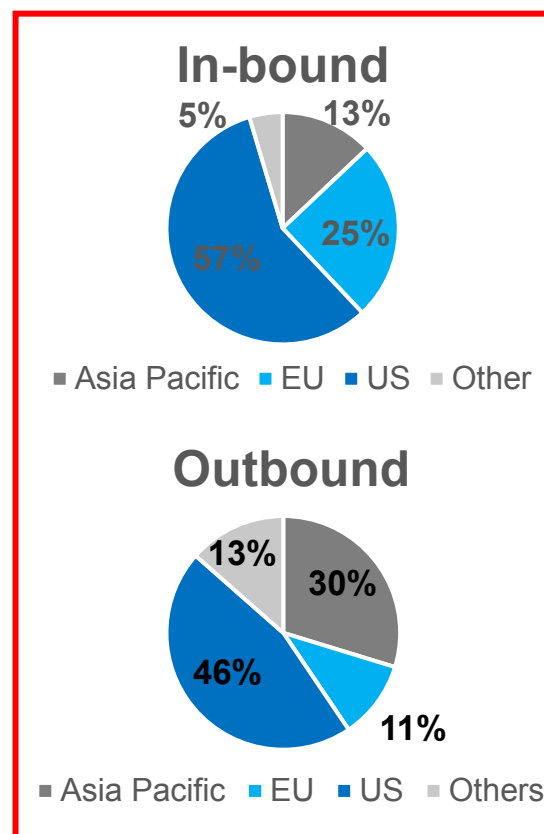
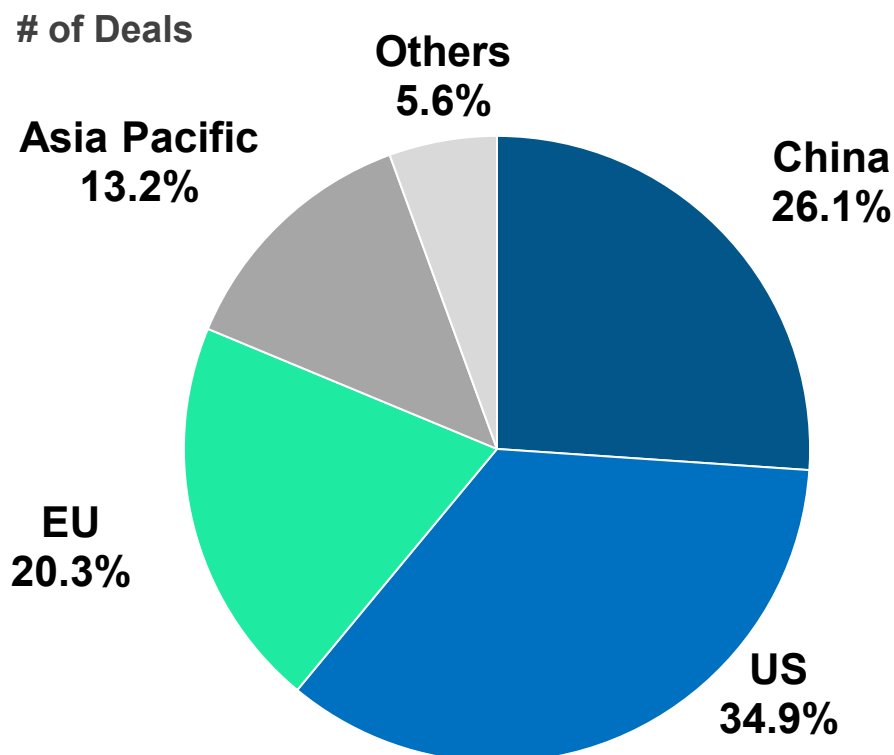
Source: ChinaBio® Consulting

Pharma/Biotech Partnering and JV deals

US held ground as most desirable region for cross border partnering, while Asia growing for outbound deals

Pharma Partnering by Region

US losing some ground in outbound transactions



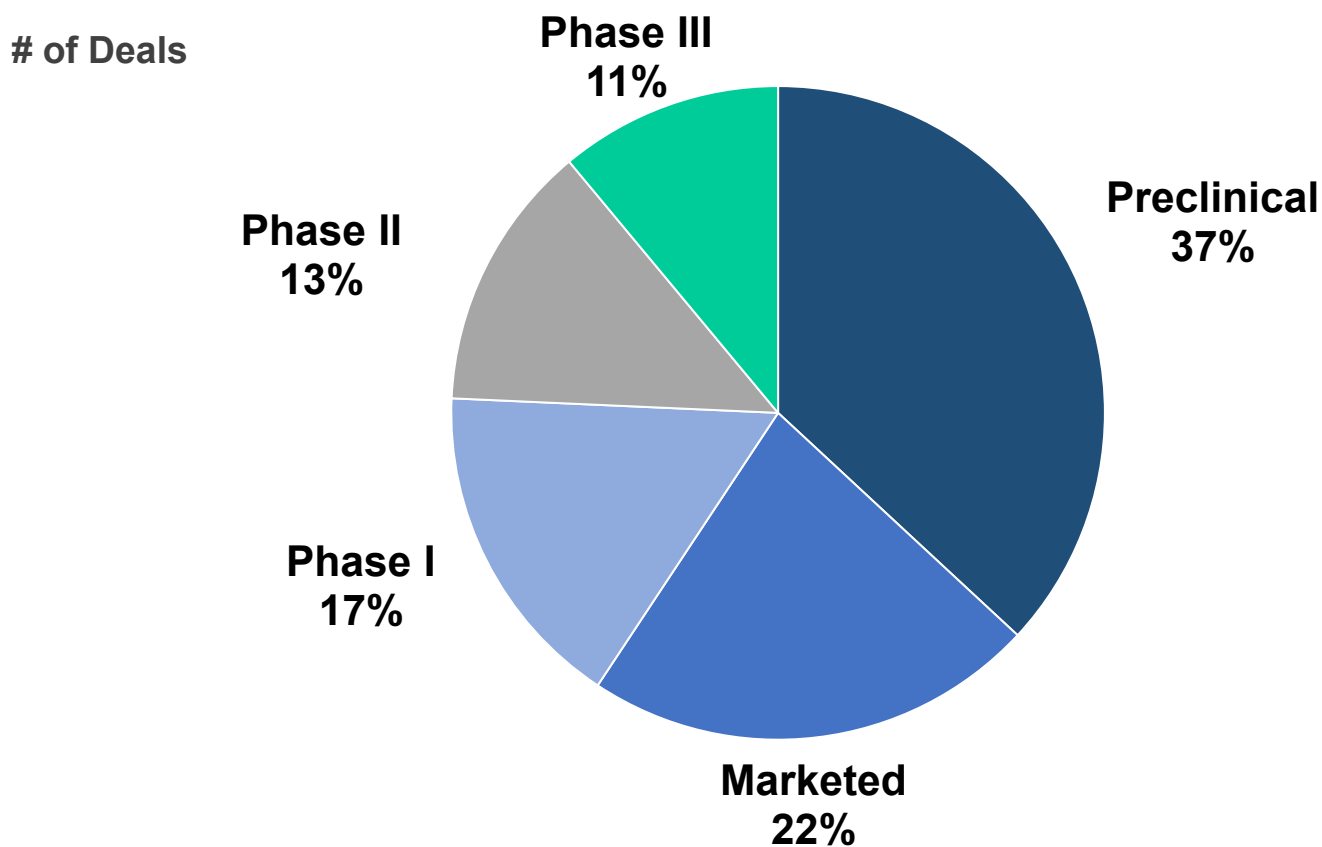
Source: ChinaBio® Consulting

Pharma Partnering and JV deals

Preclinical assets remain #1 target for partnering, followed by marketed products then Phase I assets

Pharma Partnering by Clinical Stage

Continued shift to earlier stage assets



Source: ChinaBio® Consulting

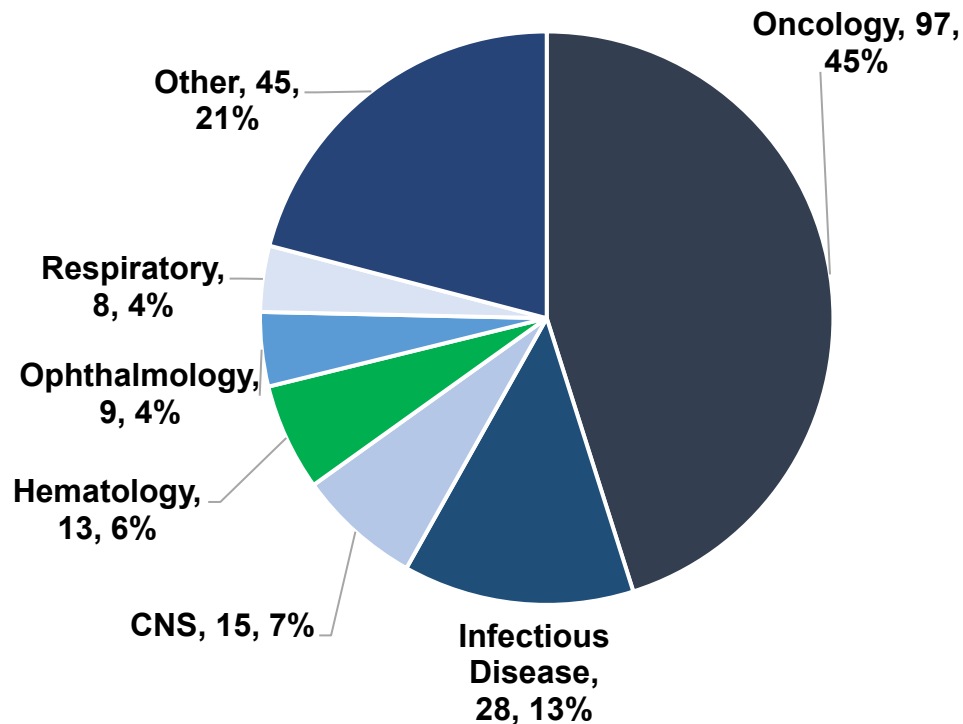
Pharma Partnering and JV deals

Oncology still #1 followed by infectious disease, which was significantly boosted by COVID-19

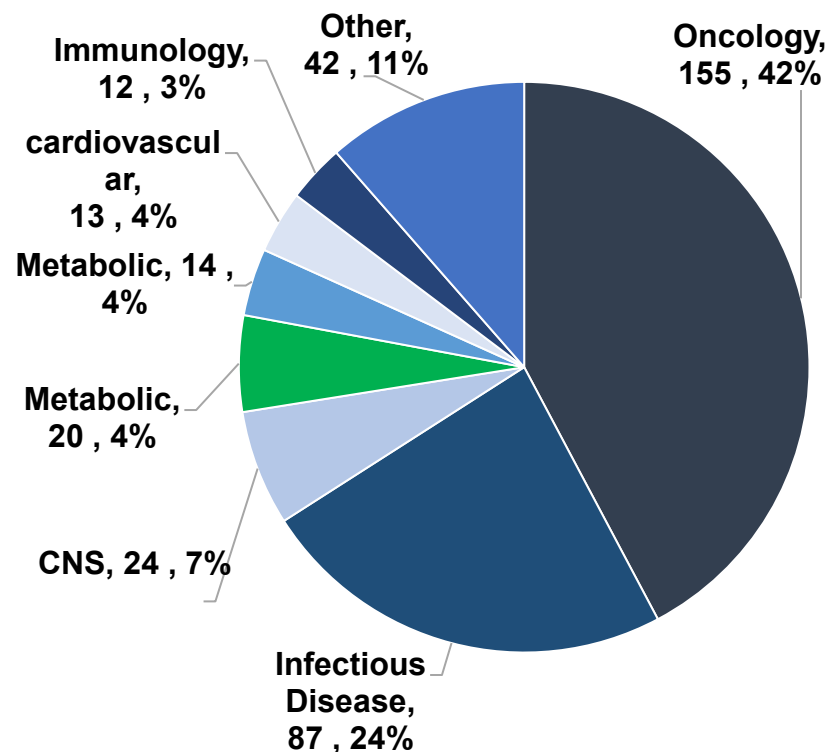
Pharma Partnering by Indication

of Deals

2019








2020



Infectious Disease included 44 COVID-19 deals

Partnering: Deals of Note 2020 (1)







Company A	Company B	Type	Month	Description	
Leo Pharma	Oneness Biotech	Drug	Apr.	Leo Pharma acquires global rights to atopic dermatitis treatment for \$580 million	
Zai Lab	Regeneron	Drug	Apr.	Zai Lab acquires greater China rights to Regeneron bi-specific for \$190 million	
Junshi Biosciences	Eli Lilly	Drug	May	Junshi (Top Alliance) out-licensed ex-China rights for COVID-19 mAb to Eli Lilly for \$255 million	
Innovent	Roche	Drug	June	Suzhou Innovent signs \$2+ billion bi-specific/CAR-T development deal with Roche	
EverInsight Therapeutics	VistaGen	Drug	June	VistaGen signs \$177 million deal with EverInsight for China/Asia rights to VistaGen's anxiety drug (ChinaBio [®] advised VistaGen)	

Source: ChinaBio[®] Consulting




Cross-border Deals








Partnering: Deals of Note 2020 (2)

Company A	Company B	Type	Month	Description	
Ji Xing Pharma	Cytokinetics	Drug	July	Ji Xing in-licensed China rights to a hypertrophic cardiomyopathy drug in \$425 million deal	
BeiGene	Assembly Biosciences	Drug	July	BeiGene in-licensed three-molecules for Hepatitis B in \$540 million deal	
Innovent	Eli Lilly	Drug	Aug.	Innovent expands ex-China alliance with Lilly regarding Innovent's anti-PD-1 immunotherapy in \$1 billion agreement	
Arctic Vision	Eyenovia	Drug	Aug.	Arctic Vision in-licensed two ophthalmological products from Eyenovia in \$457 million deal	
Hua Medicine	Bayer	Drug	Aug.	Bayer entered \$658 million deal to market Hua's diabetes drug in China	
Simcere	G1 Therapeutics	Drug	Aug.	Simcere signs \$170 million deal for myelopreservation therapy	

Source: ChinaBio® Consulting

 Cross-border Deals

Partnering: Deals of Note 2020 (3)

Company A	Company B	Type	Month	Description	
LianBio	MyoKardia	Drug	Aug.	LianBio acquired China rights to MyoKardia CV Drug in \$187.5 million deal	
I-Mab	AbbVie	Drug	Sep.	I-Mab partnered CD47 with AbbVie in \$2 billion deal	
Huadong Medicine	ImmunoGen	Drug	Oct.	Huadong Med acquired ADC for ovarian cancer for \$305 million	
CStone Pharma	EQRx	Drug	Oct.	CStone out-licensed ex-China rights for two immunotherapies in \$1.3 billion agreement	
Fosun	Eli Lilly	Drug	Nov.	Fosun out-licensed ex-China rights of a bcl-2 inhibitor to Eli Lilly in \$440 million deal	
Hasten Biopharma	Takeda	Drug	Dec.	Takeda furthers innovation-focused strategy in China with sale of select non-core assets to Hasten for \$322 million	

Source: ChinaBio® Consulting



Cross-border Deals