

State of China Life Science – 2020 H1

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



Special Report for ChinaBio® 2020

Greg B. Scott, Founder






CHINABIO® GROUP
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Topics

- Overview
- Investment Activity
 - VC/PE Funds Raised
 - VC/PE Investment
 - M&A Activity
 - IPOs
- Partnering Activity

2020 H1 Overview – Looking up in spite of COVID-19

VC, IPO and Partnering rebound, M&A continues slump






Area	2020H1	2020*	2019	2020*- 2019	1 Year Trend	2018	2 Year Trend	5 Year Trend
New Funds Raised	\$21.1B	\$42.2B	\$23.4B	1.8X		\$42.8B	-1.4%	4X
VC/PE Investment	\$9.4B	\$18.8B	\$14.4B	30%		\$17.6B	+6.8%	10X
M&A	\$5.0B	\$10.0B	\$24.7B	-60%		\$33.8B	-70%	-40%
IPO	\$5.5B	\$11.0B	\$7.9B	40%		\$6.9B	+60%	3X
Partnering	\$14.5B	\$29.0B	\$17.6B	1.7X		\$13.8B	+110%	7X

* 2020 extrapolated by doubling 2020H1

Source: ChinaBio® Consulting

2020 H1 Overview – Looking up in spite of COVID-19






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Overall factors driving China life science investment

Fundamentals still in place for successful cross-border deals

-  Fundamentals – Major socio-economic Trends
 - 3.9% in GDP growth; 300M+ middle class with \$\$
 - aging population (31% by 2050); chronic disease up 20-30%/yr
 - #2 pharma market with >\$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 5 years
 - Acceptance of foreign data, MRCTs, data exclusivity, orphan disease indication
-  FUDD Factor – Fear, Uncertainty, Doubt and Difficulty
 - Fear of trade wars (what is Phase One, anyway?)
 - Uncertainty of CIFIUS/FIRMMA impact
 - Doubt of China's 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 central 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, and Guangzhou are also labeled.

Investment Activity

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

New VC/PE funds rebound to 2018 levels

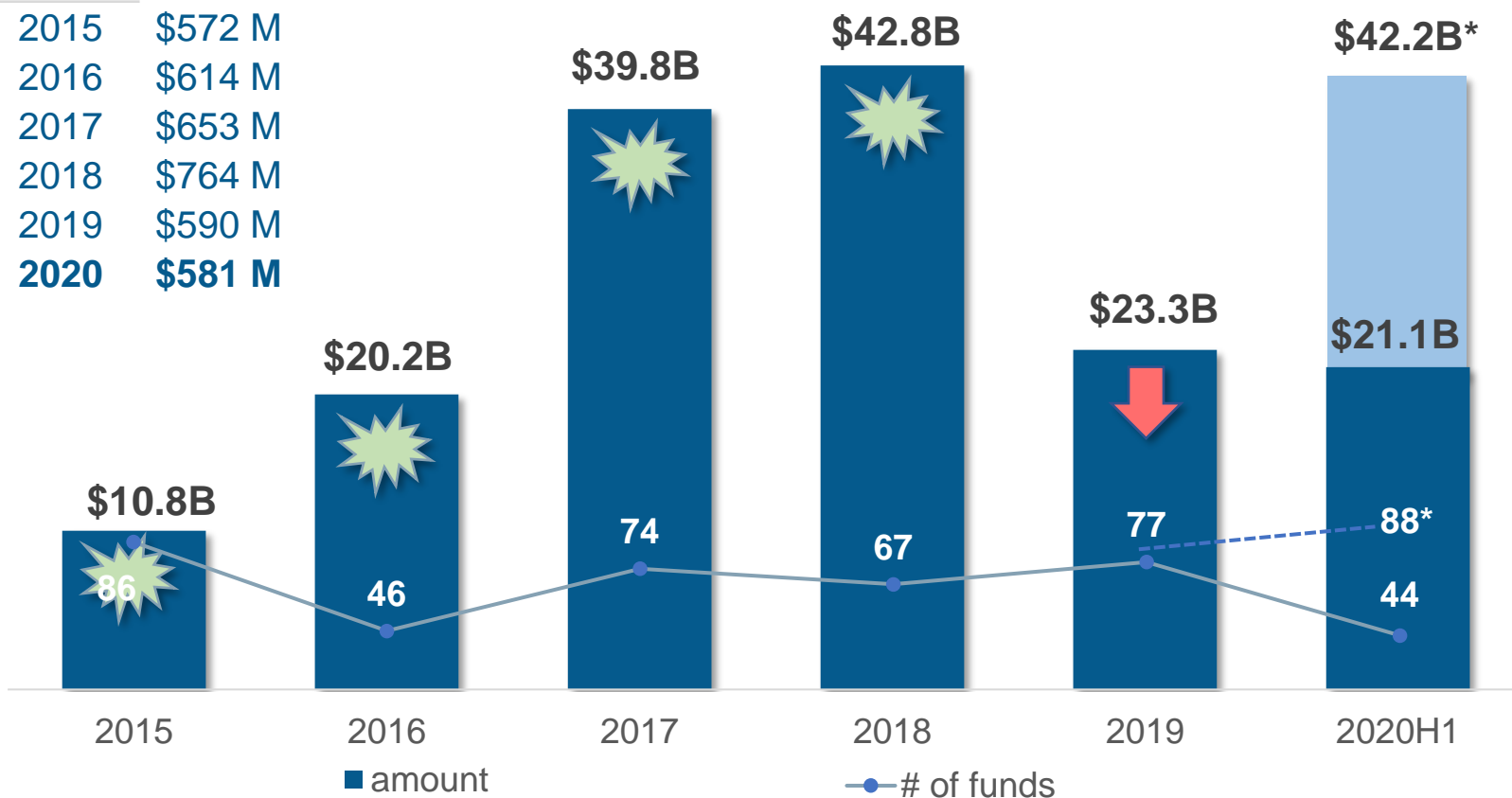
Nearly double 2019, but fund size remains down

VC/PE Funds Targeting China Healthcare

Over \$140B 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	\$581 M



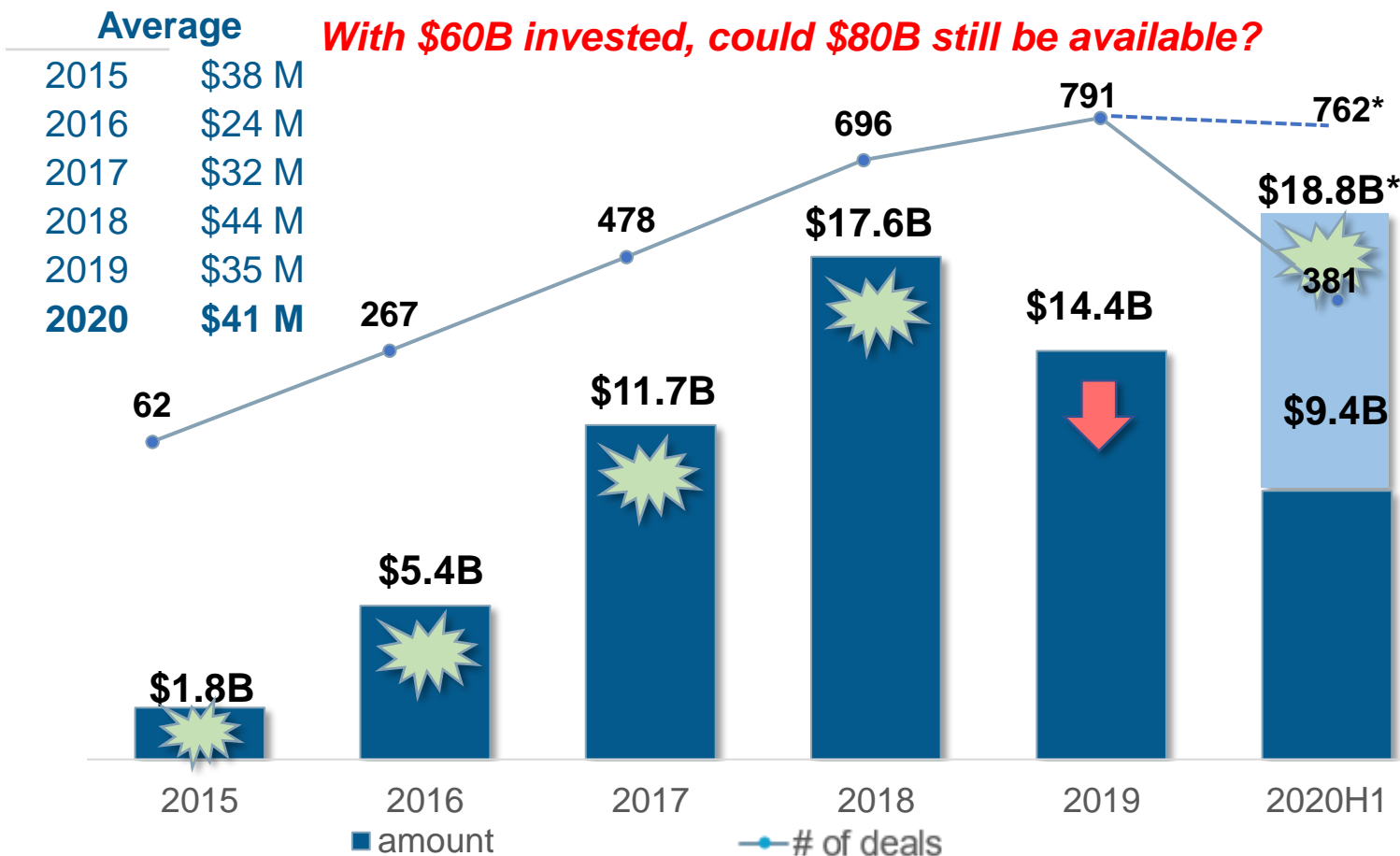
Source: ChinaBio® Consulting

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Investment flowing into China life science companies bounces back – 2020 could be back to record pace

VC/PE Investment in China Healthcare

With \$60B invested, could \$80B still be available?



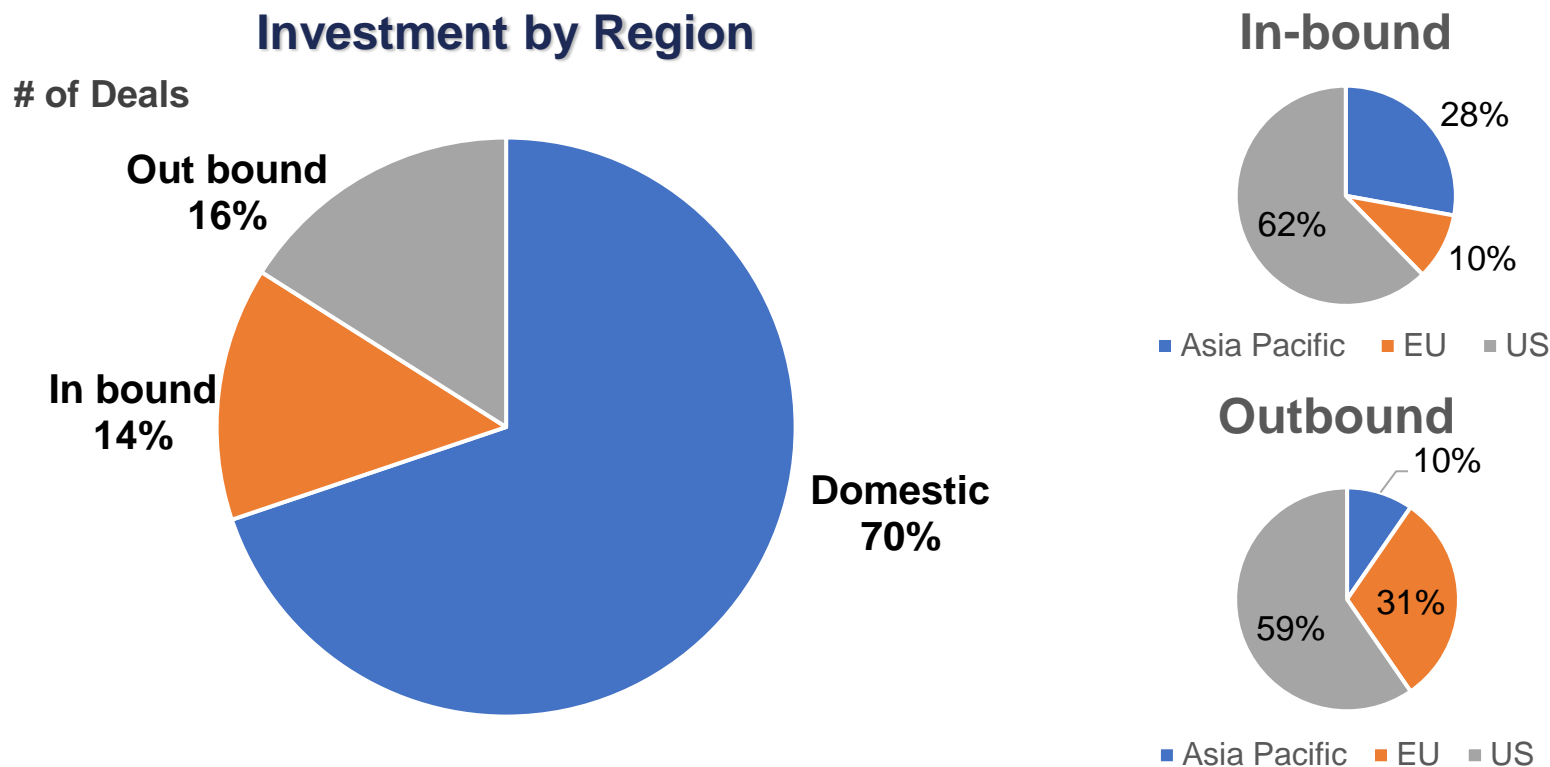
Source: ChinaBio® Consulting

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Majority of cross-border VC investments still with US but EU gaining in outbound investment from China

Cross-border VC/PE Life Science Investment

Shift toward more domestic investments

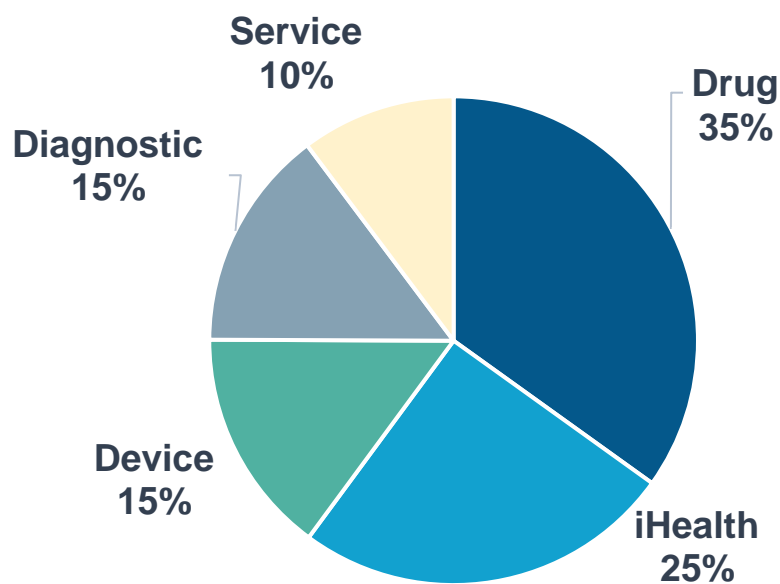


Source: ChinaBio® Consulting

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

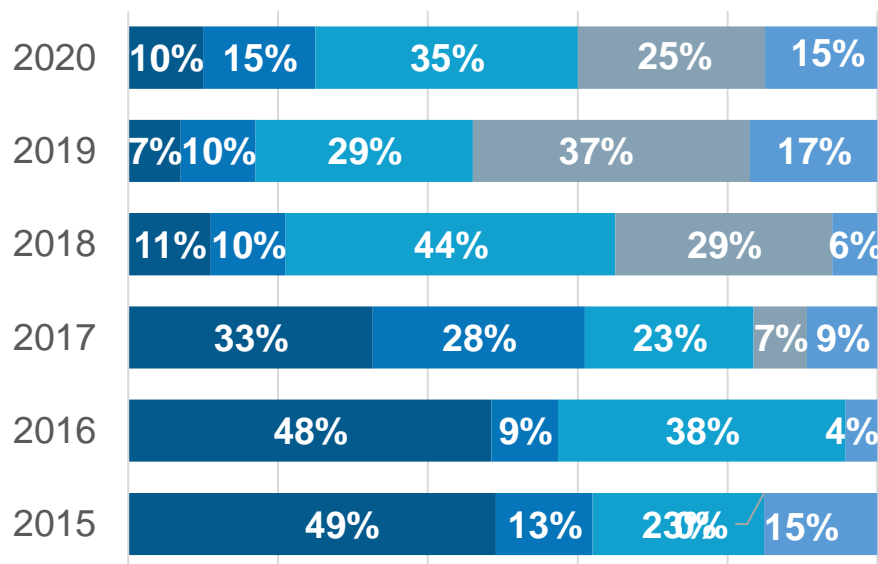
VC Investment 2020H1 – by Sector

of Deals



VC Investment 2015-2020H1 – by Sector

of Deals







Source: ChinaBio® Consulting

Note: iHealth included in Services prior to 2017

VC Investment: Deals of Note 2020H1 (1)

Company	Type	Region	Investors	Month (2020)	Amount (USD)	
Chime Biologics	Service	China	Ideal View, Caiying Investment	Feb.	\$125M	
Legend Biotech	Drug	China	Hudson Bay Capital, J&J, Lilly Asia Ventures, Vivo Capital, RA Capital	Mar.	\$150M	
Element Science	iHealth	US	Deerfield Healthcare, Qiming Ventures	Mar.	\$145M	
Immunocore	Drug	UK	General Atlantic, RTW, CCB International, Wuxi AppTec	Mar.	\$130M	
Mabwell Biotech	Drug	China	Shiyu Capital, Oriental Fortune, Loyal Valley	Apr.	\$278M	

VC Investment: Deals of Note 2020H1 (2)

Company	Type	Region	Investors	Month (2020)	Amount (USD)	
MGI Tech	Diag.	China	Lead by IDG, CPE	May	\$1B	
Everest Medicines	Drug	China	CBC, Hillhouse, Janchor Partners, RA Capital	June	\$310M	
C4 Therapeutics	Drug	US	Perceptive Advisors, Cobro, 3E Bioventures	June	\$170M	
Genor Biopharma	Drug	China	Hillhouse, Temasek, CR-CP Life Science Fund	June	\$160M	
Checkmate Pharmaceuticals	Drug	US	Decheng Capital, Novo Holdings, Longitude Capital, F-Prime	June	\$85M	

Source: ChinaBio® Consulting



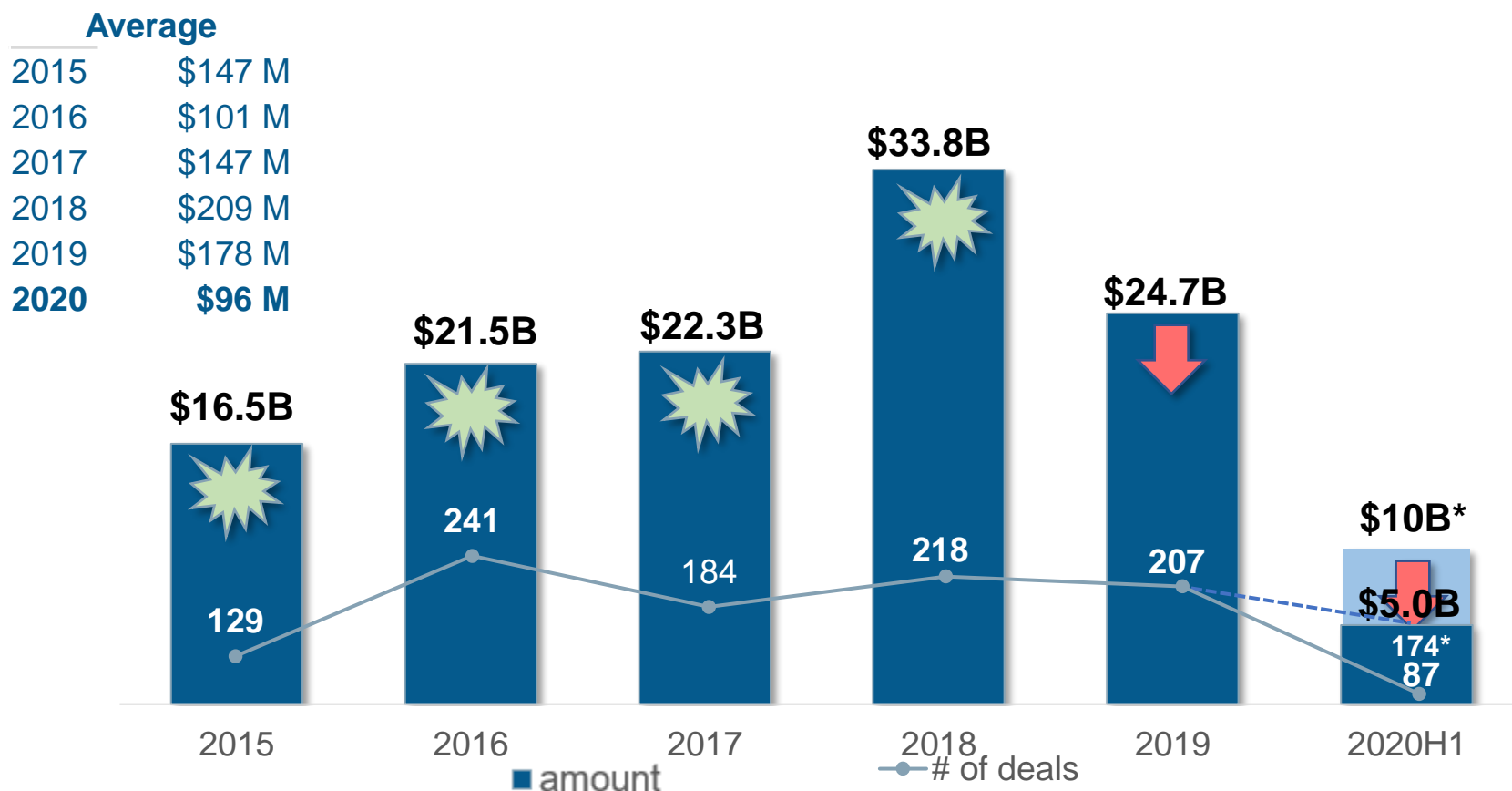
Cross-border Deals

M&A deal values set to plummet 60% to just \$10B

Average deal size down 50%+ from 2018 levels

M&A Activity in China Healthcare

May be first 2-year decline in any China metric



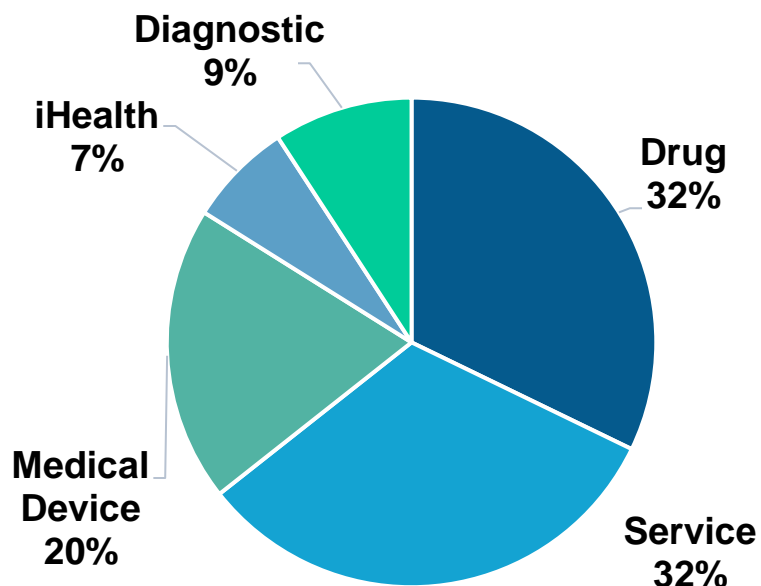
Source: ChinaBio® Consulting

* 2020 extrapolated by doubling 2020H1

Pharma and Services sectors tied at 28 M&A deals, followed by Device at 17

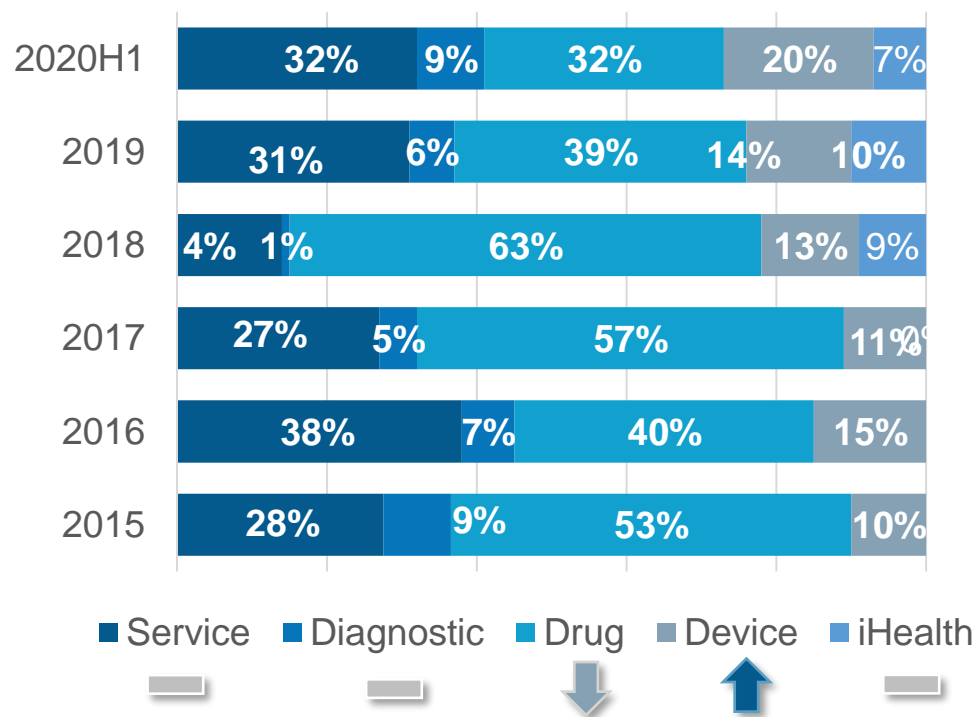
M&A Activity 2020H1 - by Sector

of Deals



M&A Activity 2015-2020H1 - by Sector

of Deals



Source: ChinaBio® Consulting

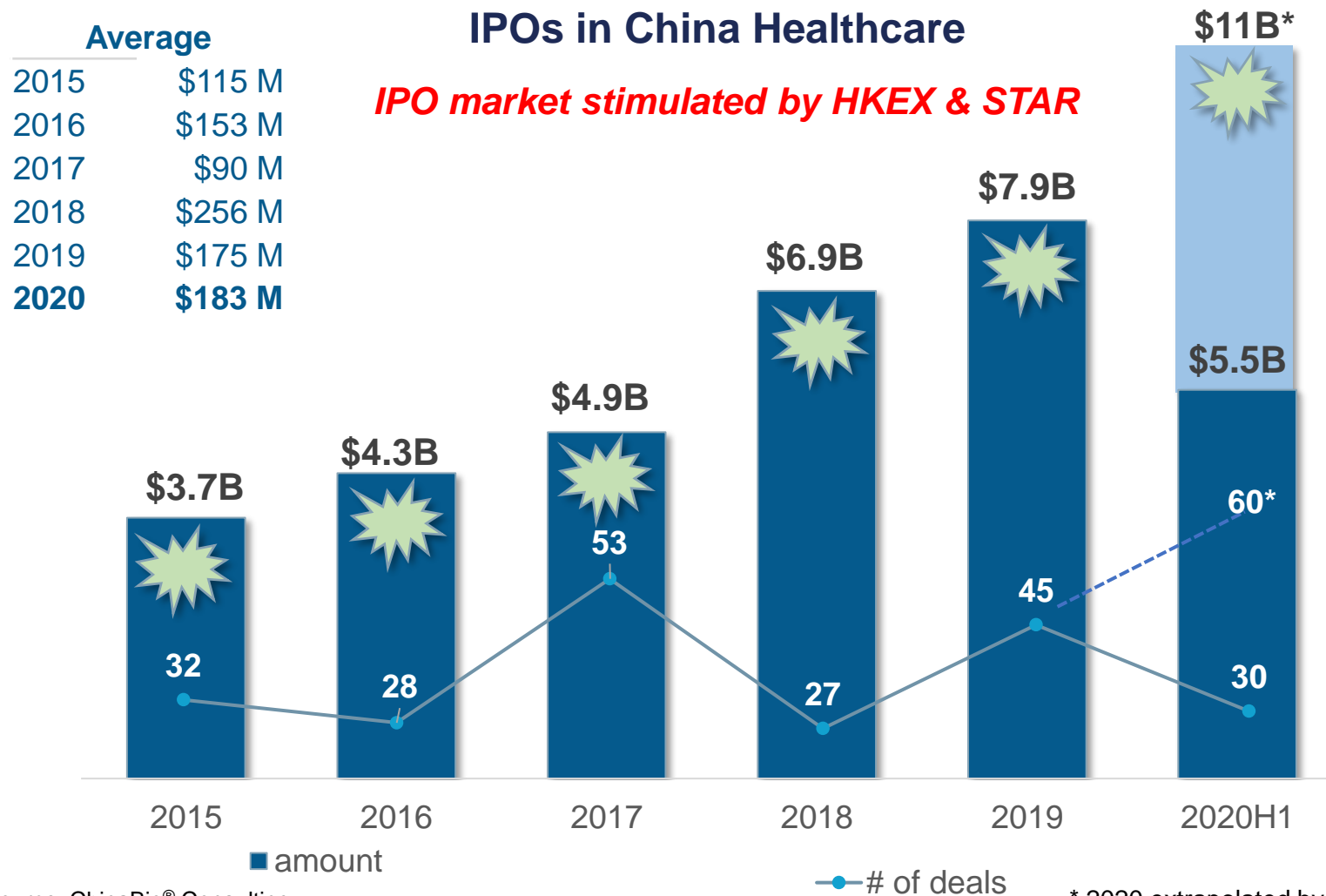
M&A: Deals of Note 2020H1

Outbound cross-border acquisitions remain active

Acquirer	Target	Type	Month (2020)	Amount (\$)
WuXi Biologics Germany	Bayer AG's factory in Leverkusen	Service	Jan.	N/A
Ali Health	Ali JK ZNS Limited	Service	Feb.	\$1,037M
Denovo Biopharma	Tocagen	Drug	Apr.	N/A
Beijing Strong Biotechnologies	MXB Biotechnologies	Diagnostic	June	\$371M
Blue Sail Group	NVT AG	Device	June	\$197M



IPO funds raised could set another record at \$11B, a 37% increase with number of IPOs doubling from 2018



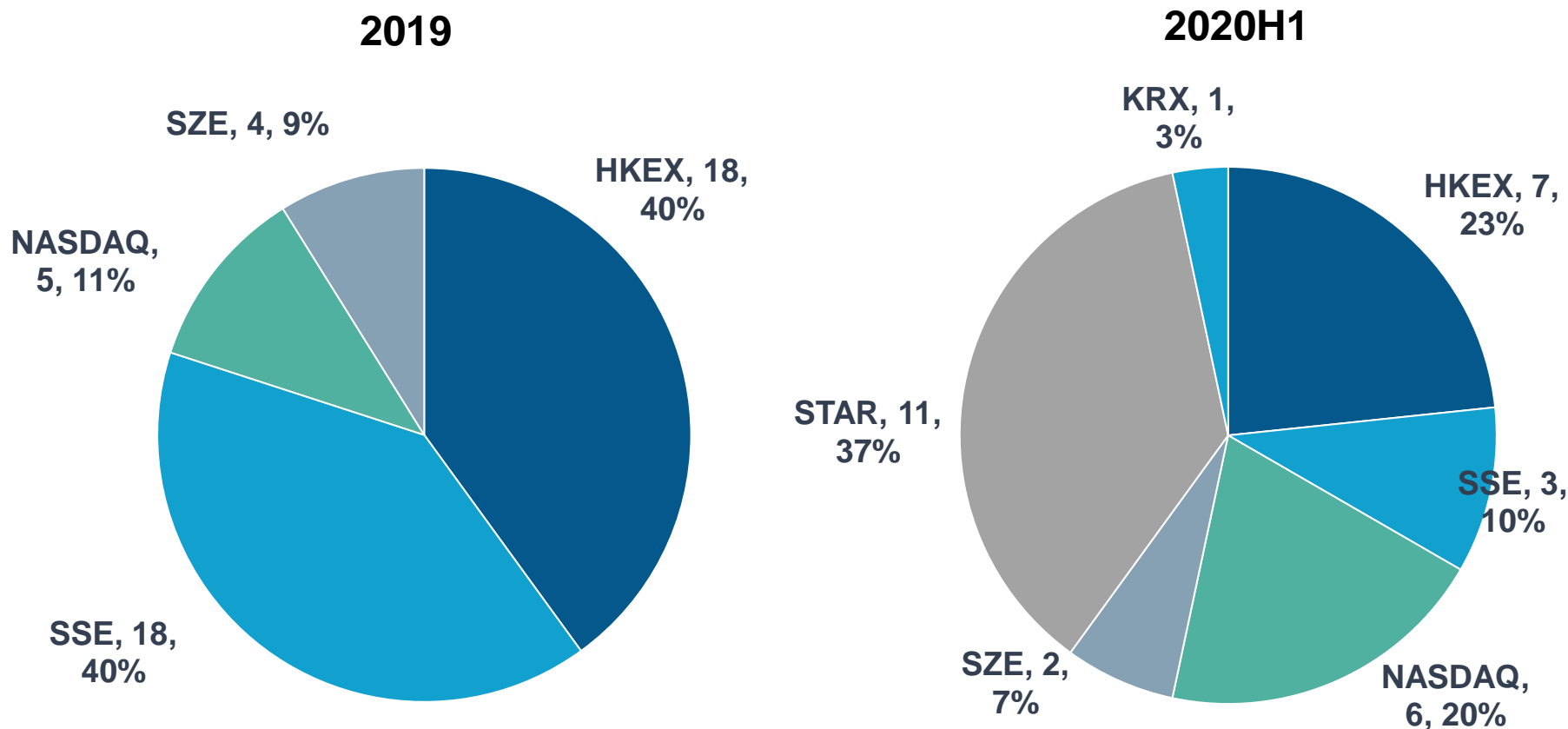
Source: ChinaBio® Consulting

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IPOs spurred on by Hong Kong's and Shanghai's new biotech exchanges; 7+ unicorns created in 2020 H1

IPOs in China Healthcare by Exchange

NASDAQ still most desirable foreign exchange



Source: ChinaBio® Consulting

IPO: Deals of Note 2020H1

Company Name	Exchange	Stock Ticker	Raised (USD)	Market Cap*(USD)	Company Type	Month (2020)
Zelgen Biopharmaceuticals	STAR	688266	\$292M	\$1.16B	Drug	Jan.
I-Mab Biopharma	NASDAQ	IMAB	\$115M	\$810M	Drug	Feb.
Bio-Thera Solutions	STAR	688177	\$241M	\$1.94B	Drug	Feb.
InnoCare Pharma	HKSE	09969	\$293M	\$1.62B	Drug	Mar.
Akeso Biopharma	HKSE	09926	\$335M	\$1.91B	Drug	Apr.
Legend Biotech	NASDAQ	LEGN	\$424M	\$2.97B	Drug	June
Burning Rock Biotech	NASDAQ	BRN	\$223M	\$1.67B	Diagnostic	June
Hygeia Healthcare	HKSE	06078	\$282M	\$1.46B	Service	June

Source: ChinaBio® Consulting

*Market Cap on the day of listing



Partnering Activity

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

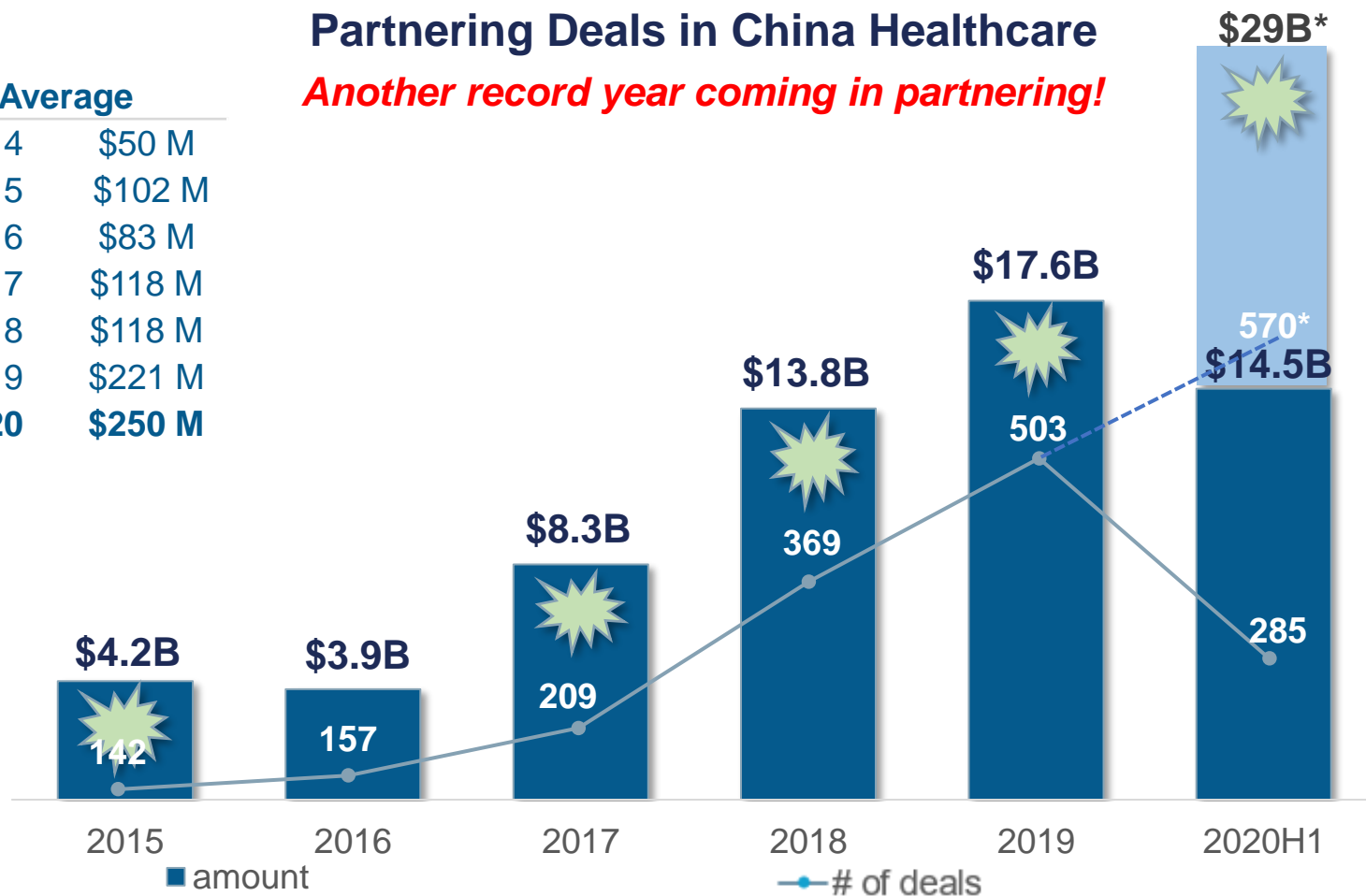
New record for partnering on the way to \$29B, up 65% Number of deals and avg. deal size may also set records

Partnering Deals in China Healthcare

Another record year coming in partnering!

Average

2014	\$50 M
2015	\$102 M
2016	\$83 M
2017	\$118 M
2018	\$118 M
2019	\$221 M
2020	\$250 M



Source: ChinaBio® Consulting

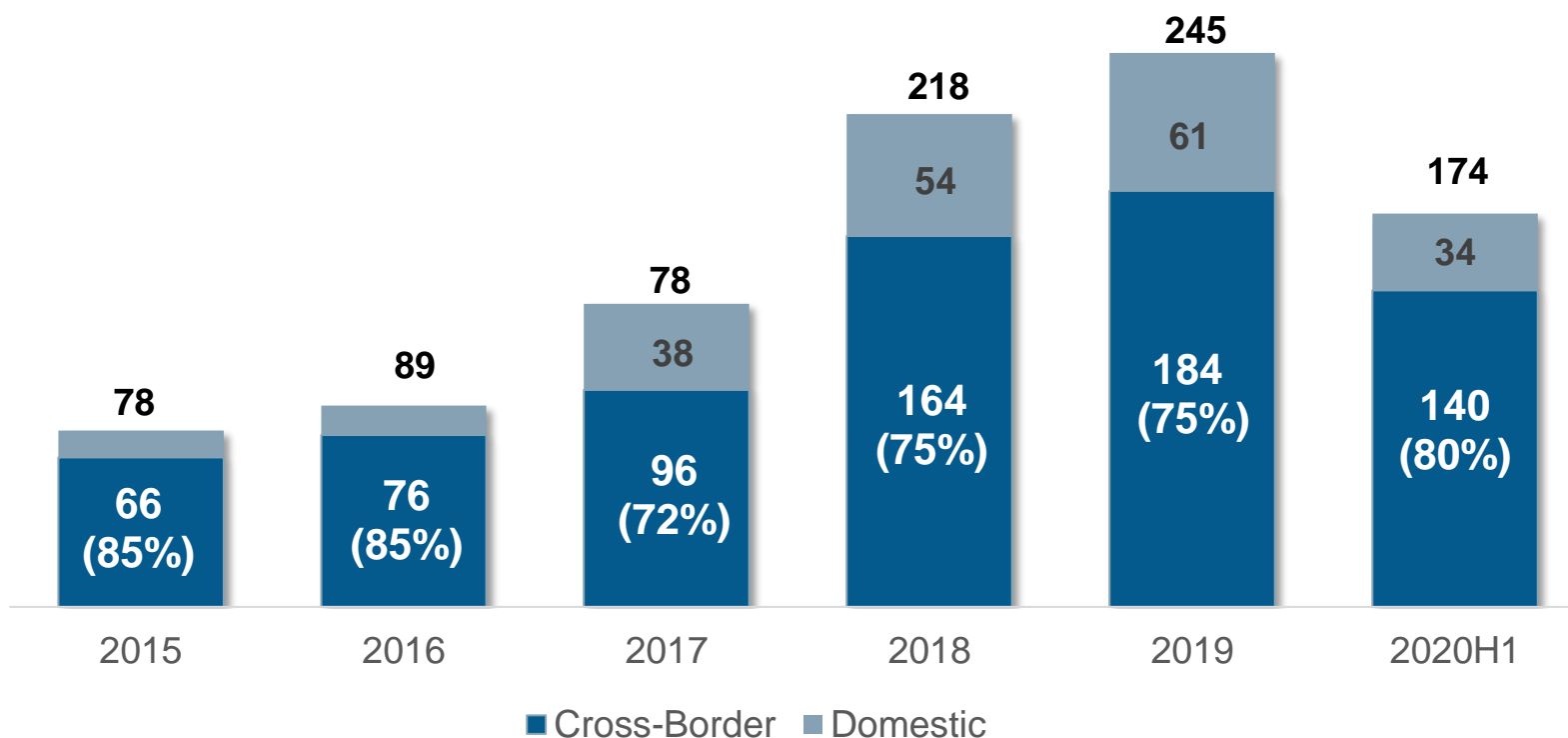
All Partnering and JV deals

Pharma partnering could hit a record 350 deals

Cross-border very strong at 80% of all pharma deals

Cross-border Pharma Partnering Deals

China-China partnering also remains strong



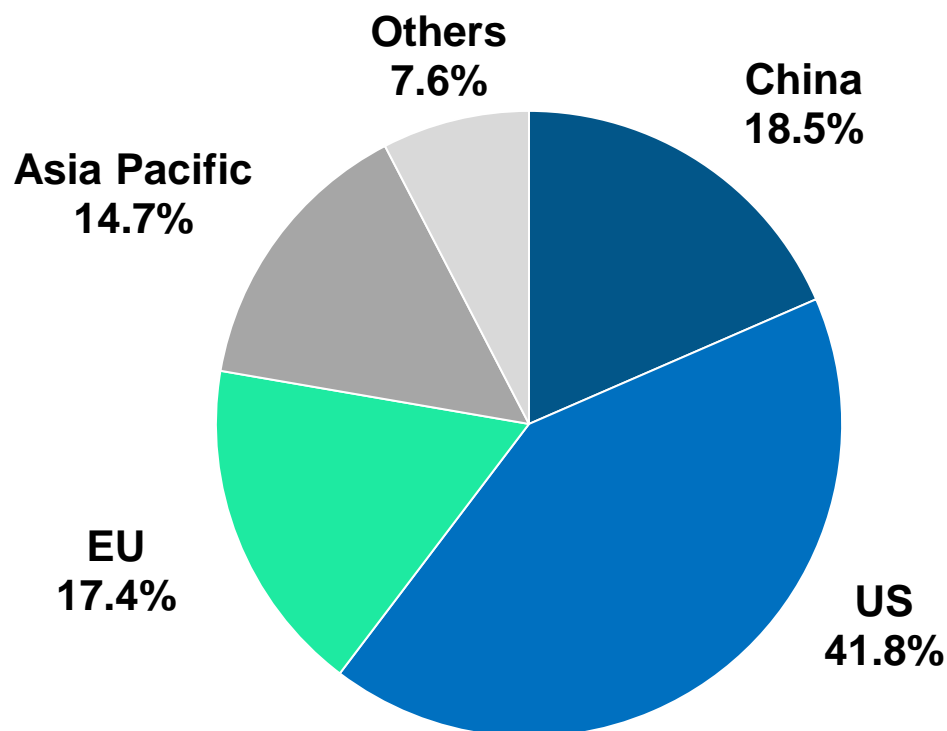
Source: ChinaBio® Consulting

Pharma Partnering and JV deals

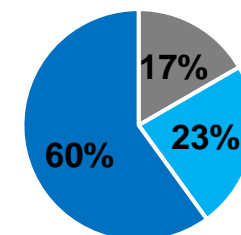
US held ground as most desirable region for cross border partnering, while EU and Asia growing for outbound deals

Pharma Partnering by Region

US losing ground in outbound transactions

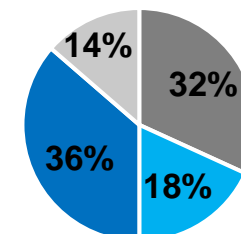


In-bound



■ Asia Pacific ■ EU ■ US

Outbound

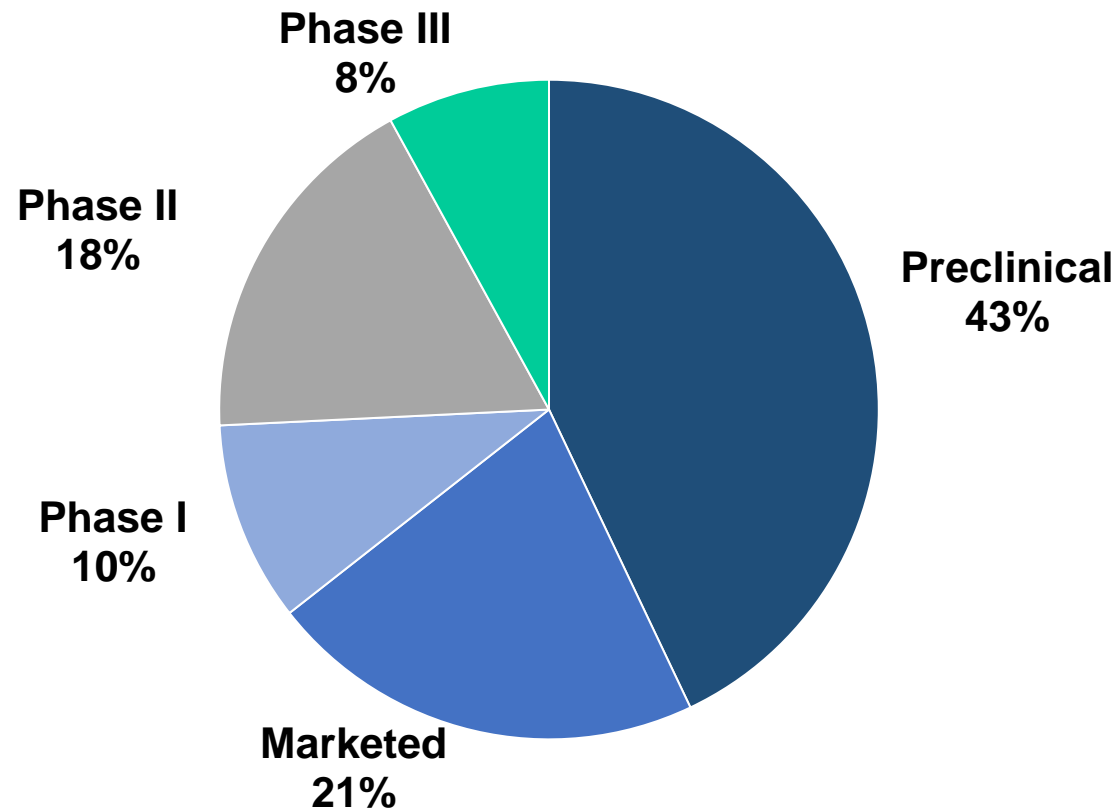


■ Asia Pacific ■ EU ■ US ■ Others

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

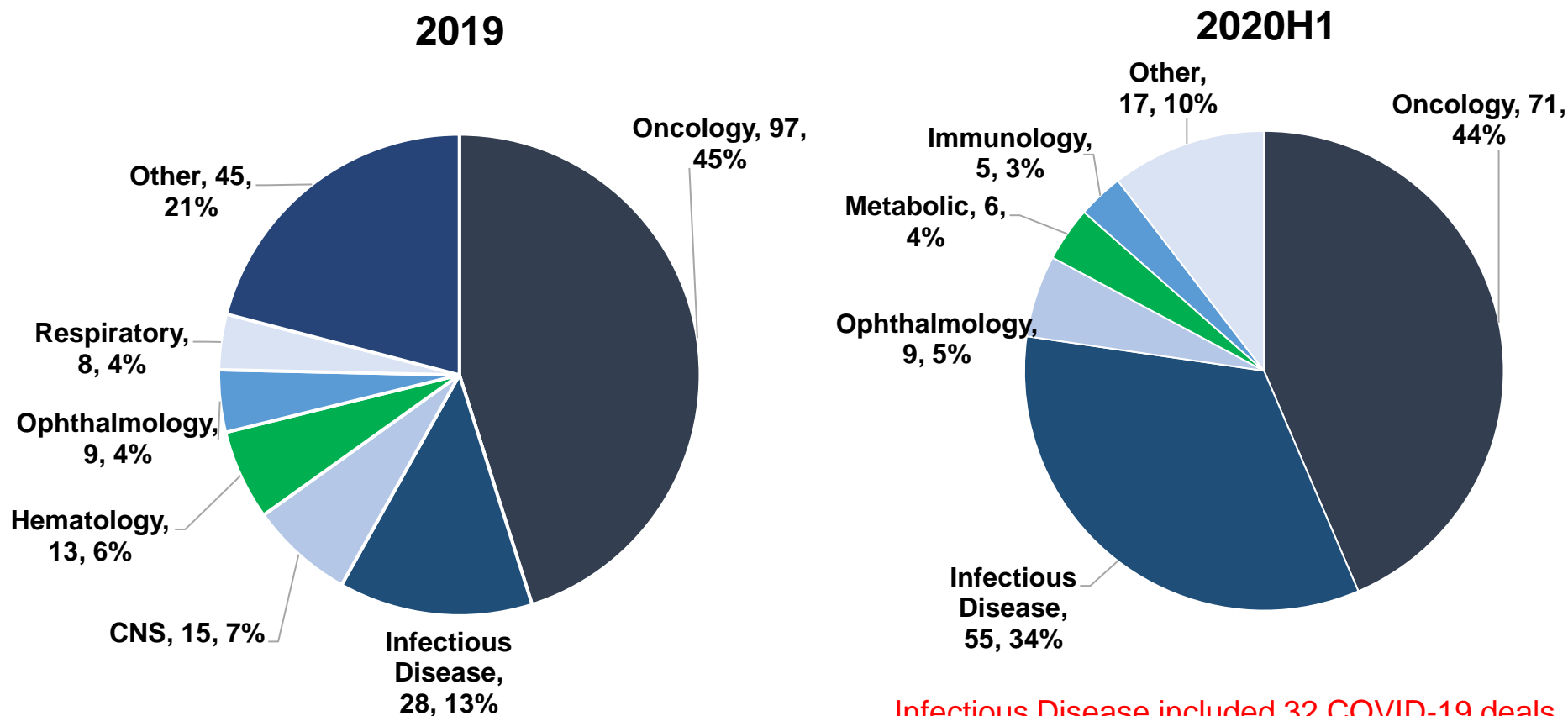
Pharma Partnering by Clinical Stage

Slight shift from marketed products to preclinical candidates



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

Pharma Partnering by Indication



Source: ChinaBio® Consulting





Pharma Partnering and JV deals

Partnering: Deals of Note 2020H1 (1)

Company A	Company B	Type	Month	Description
Oncologie	Mereo BioPharma	Drug	Jan.	Mereo BioPharma and Oncologie enter into global licensing agreement for navicixizumab in \$306 million deal
WuXi Vaccines	Unspecified vaccine leader	Drug	Feb.	WuXi Vaccines signs \$3 Billion, 20-year agreement to manufacture vaccines
Leo Pharma	Oneness Biotech	Drug	Apr.	Leo Pharma acquires global rights to atopic dermatitis treatment in \$580 million deal
Zai Lab	Regeneron	Drug	Apr.	Zai Lab acquires greater China rights to Regeneron bi-specific in \$190 million agreement



Partnering: Deals of Note 2020H1 (2)

Company A	Company B	Type	Month	Description	
Junshi Biosciences	Eli Lilly	Drug	May	Junshi Biosciences out-licenses ex-China rights for COVID-19 mAb to Eli Lilly for \$255 million	
Inmagene Biopharma	Affibody AB	Drug	May	Inmagene of Shanghai partners Affibody's novel immunotherapy candidate for \$225 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)	

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Thank you! 谢谢你!

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