

# Sourcing Biotech Innovation in China: Perspectives from the Frontline

ChinaBio Partnering Forum

Thought Leadership Series

*April 2025*

*Brian Yang*

## THOUGHT LEADERSHIP SERIES

16th ANNIVERSARY  
CHINABIO  
PARTNERING FORUM



## ***Executive Summary***

As China's biotech sector matures, global pharmaceutical companies and investors are increasingly sourcing innovation from the country's dynamic life sciences ecosystem. Insights from senior leaders at CEC Capital, Johnson & Johnson Innovation, Bayer Healthcare, and Servier paint a picture of an evolving collaboration model—shifting from transactional partnerships to strategic, long-term innovation sourcing driven by global relevance.

During the evolution, several notable trends have emerged. ChinaBio contributor Brian Yang interviews several leading multinational companies that have actively pursued partnerships with China-based innovative biotech companies, and they share the following insights.



*(From left to right: Irene Hong of CEC Capital, Dan Wang of J&J Innovation, Cynthia Wang of Servier, Betty Huang of Bayer Healthcare. Courtesy of the interviewees)*

### **I. Emerging Trends**

#### **1. China as a Global Innovation Engine**

Across the board, interviewees agreed: China is no longer merely a manufacturing base or late-stage licensing market—it's now a source of globally competitive innovation. One-third of all global biotech assets licensed by Big Pharma in 2024 originated from China, a sharp rise from less than 10% in 2017. These innovations span oncology, immunology, diabetes, and increasingly, platform technologies such as antibody drug conjugates (ADCs), cell therapies, and AI-assisted drug discovery.

#### **2. Strategic Shifts in Partnering Models**

- **Dan Wang** of Johnson & Johnson described a "quality over quantity" approach, with J&J building an "all-stage collaboration model" and expanding JLABS incubators to support

local startups. Deals like those with Hangzhou DAC (for ADC tech) and XtalPi (for AI-powered drug discovery) exemplify this approach, targeting globally translatable platforms.

- **Betty Huang** of Bayer Healthcare attributed an integrated approach of combining licensing, partnership, and incubation, rigorous due diligence, and timely opportunity to the company's success in sourcing innovation in China.
- **Cynthia Wang** of Servier highlighted a more targeted strategy, scouting over 100 Chinese assets annually and emphasizing rare oncology indications. Her focus is on assets with global potential, often sourced as early as investigative new drug (IND)-enabling stages, to ensure simultaneous China-U.S. development.

### **3. Innovation Amid Funding Constraints**

Despite a sharp downturn in China's capital markets (foreign capital down >80% in 2024), cross-border deal activity remains robust. Irene Hong of CEC Capital emphasized the rise of alternative deal structures, including the NewCo model, where U.S. investors license Chinese assets into newly created U.S. entities.

These allow promising but earlier-stage assets to mature in a global setting, supported by international capital and expertise.

### **4. Common Barriers: Transparency, Process, and Cultural Fit**

Despite China's achievements, several recurring challenges emerged:

- Due diligence and disclosure gaps remain in Chinese biotech, particularly in aligning data presentations with Western expectations.
- Communication missteps, like premature data disclosure or unclear licensing terms, can delay or derail negotiations.
- All stakeholders emphasized the importance of cultural fluency and local presence, which are key to uncovering hidden gems and to building trust over time.

### **5. Looking Ahead: Platform Innovation and Diversification**

While hot areas like ADCs and immuno-oncology still dominate, there's growing interest in non-blockbuster niches such as infectious diseases and early immunology.

CEC Capital's Hong emphasized that the right fit doesn't always mean a billion-dollar target—it can also mean first-class execution in a focused domain.

Obesity therapeutics (GLP-1, triple agonists, oral formulations) are a hotbed of competition and deal activity, led by Novo and Lilly.

AI in drug discovery and precision oncology continues to draw deep investments. And, there's growing global interest in platform-based innovation rather than just blockbuster assets.

## II. Perspectives of Multinationals on Sourcing Innovation in China

### 1. Cell Therapy to AI: How J&J Sourcing Transformational Science and Technology in China

Johnson & Johnson is doubling down on China's biotech scene, betting that the next wave of novel assets and platform innovation—from cell therapies, antibody-drug conjugates (ADCs), to artificial intelligence (AI)-driven discovery—can help drive global pipeline success and deliver patient outcomes.

"Innovation is not a monopoly," said Dan Wang, Head of Johnson & Johnson Innovation Asia Pacific. With an innovation center in Shanghai and three JLABS across Asia Pacific—including Shanghai, Singapore, and Seoul—the company has built an all-stage collaboration model to tap into fast-moving biotech ecosystems. China is one of its largest footprints for early-stage innovation, where J&J is targeting quality over quantity.



*(Dan Wang of J&J Innovation)*

At the heart of its China strategy is a dedicated team of early innovation partnering, transactors, and support staff spanning legal, finance, and communications. The goal is to identify best-in-class (BIC) and first-in-class (FIC) novel assets and platform technologies that can supercharge drug development across modalities.

That approach echoes a shift in J&J's partnering mindset - Partner of Choice for external innovators. While the company's landmark chimeric antigen T-cell (CAR-T) partnership with Nanjing Legend Biotech remains a standout success, newer bets focus on next-generation platforms with global applicability.

Take its deal with Hangzhou DAC Biotechnology as an example. The Chinese biotech specializes in proprietary payload and linker technologies for ADCs. Under the agreement, DAC's technology will be applied to up to five Janssen antibodies to create novel ADCs with better

safety and efficacy profiles. JJDC, Inc., J&J's venture capital arm, also joined DAC's Series C extension round, reinforcing its commitment to China-for-global innovation.

---

*"Innovation is not a monopoly."*

*— Dan Wang, J&J Innovation*

---

J&J is also diving deep into AI partnerships. Its collaboration with XtalPi leverages the latter's digital drug discovery engine to shorten the Design-Make-Test-Analyze (DMTA) cycle and optimize hit identification.

"Leveraging AI in both small and large molecule discovery can significantly cut discovery timeline and can enhance clinical trial design," Wang noted.

Beyond platforms, J&J Innovation is expanding its Asia-Pacific dealmaking. It has partnered with WuXi Advanced Therapies to access the TESSA™ platform for high-yield AAV vector production, a key enabler for gene therapies. Partnered with Hitgen to screen its DNA-Encoded Libraries for a series of targets in different therapeutic areas.

In Japan, the company licensed Kaken Pharmaceutical's STAT6 inhibitor program, with KP-723 targeting autoimmune and allergic diseases. In Korea, the company partnered with Yuhan Corporation for the development of Lazertinib, a third-generation epidermal growth factor receptor (EGFR) tyrosine kinase inhibitor (TKI). The other partnership is with Legochem Biosciences to develop and commercialize Trop2-targeted antibody drug conjugates (ADCs) LCB84.

---

*"If you're not in China, you're at risk of missing something big."*

*— Irene Hong, Founding Partner, CEC Capital*

---

The strategy is clear: scouting early-stage assets, exploring various collaboration models to address the partners' needs, and bridging the best Chinese science to global markets. But that requires confidence in the quality of local data and the maturity of biotech startups.

"Let the data speak for itself," said Wang. While China's basic research output is booming, leading the world in scientific publications and patents, translational gaps remain. "We need to help young companies bridge from discovery to clinical development with global standards in mind."

For J&J, China isn't just a market—it's a source of globally competitive innovation. And with the right platforms in place, the next breakthrough may be born in a Shanghai lab and destined for the world.

"I am confident that China can export world-class assets to the world," she concluded.

## 2. Pursuing Precision Medicine: Bayer's Betty Huang on Sourcing Innovation in China

In a dynamic shift toward globalizing Chinese biotech innovations, Betty Huang, Vice President and Head of Collaborate to Cure Hub China at Bayer Pharmaceuticals, leads a vibrant team dedicated to advancing high-quality, innovation-driven therapies from China to the international stage. Her team's unique integrated approach spans academic collaborations, incubation, and alliance management, creating a comprehensive platform for partnering and innovation.

Beyond collaborations with biotech firms, Bayer has sustained long-term partnerships with esteemed institutions like Tsinghua and Peking University. In September 2024, Bayer inaugurated its Asia Flagship incubator, Co.Lab, in Shanghai. This initiative welcomed three pioneering biotech companies: Epigenic Therapeutics, Immunocan Biotech, and AccurEdit Therapeutics. Notably, AccurEdit's gene-editing therapy, ART001, targeting transthyretin amyloidosis (ATTR), has achieved orphan drug designation from the U.S. FDA. An investigator-initiated study demonstrated that ART001 achieved a 90% reduction in serum TTR levels within four weeks, with sustained results observed after 15 months.



As the first liposome particle-based in vivo gene-editing therapy to enter clinical stages in both China and the U.S., ART001 has secured Investigational New Drug (IND) approvals from both China's National Medical Products Administration and the U.S. FDA.

While Bayer China's business development efforts commenced around 2008–2009, significant momentum was gained post-COVID, particularly with the launch of the "Collaborate to Cure Hub China" in 2022. Currently, the dedicated China team work closely with the global team on sourcing innovation. "We are always on the hunt for quality innovations and 'in China for global'," Huang shared in an exclusive interview with ChinaBio.

*(Betty Huang of Bayer Healthcare China)*

**Licensing, Partnering, Incubation, and Equity Investment**

A standout partnership includes Bayer's agreement with Puhe Biopharma, granting Bayer global rights to a small molecule PRMT5 inhibitor for MTAP-deleted solid tumors, such as glioblastoma, pancreatic cancer, and non-small cell lung cancer. These cancers collectively account for 10%–30% of solid tumor types. The asset, PH020 (Bay3713372), is positioned as a best-in-class precision medicine, aligning with Bayer's strategic focus. Early data from an investigator-initiated trial demonstrated its ability to penetrate the blood-brain barrier, enhancing its therapeutic potential.

Huang attributes the success of such deals to a combination of rigorous due diligence and timely opportunity. Her team reviews four to five projects daily and collaborates with global colleagues to evaluate hundreds of proposals annually. While only a selective few deals are recommended to global headquarters, this deliberate approach ensures alignment with Bayer's strategic goals, meanwhile maximizing synergies with partners' priorities.

The drive to globalize Chinese innovation serves as both the scouting and negotiating arm of Bayer's worldwide operations. Strategic alignment with global direction is crucial, yet COVID-era travel restrictions have limited global decision-makers' exposure to China's biotech landscape. "The questions aren't about the data itself, but rather about enhancing strategic alignment and fostering deeper exchanges," Huang explained. Nonetheless, she emphasized that Bayer believes that scientific data speaks for itself, irrespective of geographic origin.

As multinational companies increasingly license Chinese innovations, persuasion becomes more straightforward. Beyond licensing and partnerships, Bayer actively explores different approaches and innovative models to support innovation in China. In collaboration with RTW Investments, Bayer participated in a \$162 million equity investment into Ji Xing Pharmaceuticals Limited, contributing \$35 million. Founded by RTW, Shanghai-based Ji Xing grants Bayer priority rights to negotiate the commercialization of its cardiovascular and ophthalmology assets. This collaboration leverages Bayer's extensive experience in these therapeutic areas.

### **The Potential of Cell and Gene Therapies (CGT)**

Huang envisions China's potential to lead globally in cell and gene therapies, a domain with curative possibilities. Bayer entered this space through its acquisition of Asklepios BioPharmaceutical (AskBio) and BlueRock Therapeutics in the U.S. Within China, significant advancements include Professor Deng Hongkui's work with chemically induced pluripotent stem cells for treating type 1 diabetes and Belief BioMed's recent approval for its hemophilia B gene therapy.

---

*“Chinese biotechs have made huge strides, especially in execution. If they commit to a timeline, they almost always deliver.”*

*— Cynthia Wang, Head of BD Asia, Servier*

---

Bayer’s AskBio has announced a new strategic collaboration with Belief BioMed to explore the potential for new gene therapies last September.

In addition, Bayer is actively watching out for the rising innovation in the field and seeks complementary technology or commercialization partnerships.

Huang emphasizes that talent is abundant in China. Many biotech founders are overseas returnees born in the late '70s and early '80s, possessing global perspectives, fluency in English, and familiarity with Western business practices.

This facilitates smoother cross-border due diligence. However, she also notes the intense domestic competition, which sometimes prompts biotech founders to proceed hastily. "They need to ask: who is the right MNC partner for this project? How do we differentiate? Speed alone isn’t a strategy," she advised.

By maintaining high standards and a global outlook, Huang and her team are committed to ensuring that China's scientific rigor resonates on the international stage.

### **3. Clear Strategy, Focused Approach: Servier’s Cynthia Wang on Dealmaking in China**

Cynthia Wang, Head of Business Development for Asia at French drugmaker Servier, has



witnessed a dramatic transformation in China’s biotech landscape over the past decade. From her time at Pfizer and Johnson & Johnson to her current role at Servier, Wang has observed a common theme: the rise of Chinese innovation is drawing increasing interest from multinational pharmaceutical companies—and that trend is here to stay.

Whether it's licensing deals, joint ventures, or asset acquisitions, Wang has been at the center of cross-border dealmaking. “My goal is to develop, through partnership, oncology assets from China for global markets to achieve synergistic results,” she told me in an exclusive interview marking the 16th anniversary of the ChinaBio Partnering Forum.

*(Cynthia Wang of Servier)*



## From Skepticism to Strategic Priority

As the local liaison for Servier's headquarters, Wang helps the company navigate China's increasingly complex licensing and biotech innovation landscape. With roots as a copycat market, China has rapidly matured into a global biotech innovation force. That evolution has caught the attention of European specialty pharma firms like Servier, known for its focus on oncology, especially hard-to-treat cancers. Meanwhile, the company also views neuroscience as a future growth driver.

Wang evaluates and scouts 100 plus new opportunities annually from China. "The speed of innovation in China can be fascinating," she noted.

Indeed, the pace of change is evident. In 2024, more than one-third of all new assets licensed by multinationals originated in China. Once met with skepticism, made-in-China innovation now requires far less convincing for global leadership. "Chinese biotechs have made huge strides, especially in execution. If they commit to a timeline, they almost always deliver," Wang said.

Servier has a clear focus in China: oncology, particularly in less common tumor types such as gastrointestinal tumor, brain tumors and some liquid tumors. This strategic clarity has helped streamline Wang's BD efforts.

In December 2023, Servier acquired the Greater China rights to Tibsovo (ivosidenib), a small molecule inhibitor of IDH1 and approved by US FDA with an indication for acute myeloid leukemia, from Shanghai-based CStone Pharmaceuticals for \$44 million, with an additional \$6 million to be paid upon completion of the transition. CStone had previously licensed the rights from Agios, a U.S. biotech that Servier acquired in 2021.

---

*"It's not always a sure win. You need the right timing, the right company, and the right valuation."*

*— Cynthia Wang, Servier*

---

## What Makes a Deal Work?

Wang emphasized that dealmaking is as much about timing and mutual fit as it is about science. "It's not always a sure win. You need the right timing, the right company, and the right valuation," she said. "Keeping a proactive attitude, staying positive, and being resilient is key."

When it comes to partnerships, Servier emphasizes robust data. The company expects potential assets to rank among the global top three in their class—a high bar, but one that Chinese companies are increasingly reaching.

To be able to partner with international biopharma, Chinese biotechs must have their assets, even in early-stage Phase I only but can use a lead-in study to reach simultaneous development in the U.S. and China, that's why she sources early-stage programs, some as early as investigative new drug (IND) stage or IND-enabling stage.

In terms of dealmaking process, some Chinese biotech remain less sophisticated, Wang noted. Although they are responsive and checking and responding emails during the weekends and off hours, but they need to align their assets well with the potential partners pipelines well before going to the meeting.

Sometimes, they could misunderstand non-confidential disclosure and disclose data prior to reaching to the key negotiations stage.

### **China's Biotech: Version 3.0?**

Wang rated current Chinese biotech innovation as being between version 2.0 and 3.0. She pointed to examples like China's leadership position in innovations such as antibody-drug conjugates (ADCs) and T-cell engager antibodies.

That kind of best-in-class potential—though not necessarily first-in-class—is what's fueling growing confidence among global pharma executives and investors in Chinese innovation.

Even so, the future looks promising. With a clear focus, a methodical approach, and a maturing biotech ecosystem, Wang believes that China will remain a vital engine of global biotech innovation—and Servier is ready to partner with it.

## **III. Leading Investors' Perspectives**

### **1. Navigating Biotech Collaboration in China: Irene Hong on Dealmaking in a Shifting Landscape**

When Irene Hong began covering China's healthcare sector in the early 2000s, few could have predicted how rapidly the market would evolve. Once known for generics, China is now becoming a powerhouse of biotech innovation—drawing increasing attention from global players eager to collaborate with local firms.

“Today, if you're not in China, you're at risk of missing something big,” said Hong, Founding Partner at CEC Capital, in an exclusive interview ahead of her keynote panel at the ChinaBio® Partnering Forum in Shanghai on April 23, 2025. Her panel, *Global Biotech Perspective: Navigating Innovation and Collaboration in China*, explores how foreign companies can work more effectively with Chinese innovators.

## China's Innovation Ascent

The numbers tell a compelling story. In 2024, one-third of all global biotech assets licensed by Big Pharma originated from China, with most focused on oncology, diabetes, and immunology. That marks a sharp departure from 2017, when Johnson & Johnson's licensing of a BCMA CAR-T therapy from Nanjing Legend was met with skepticism over data quality and clinical rigor.

"Perceptions have shifted dramatically," said Hong. "The attitude toward China-originated innovation has really changed. Now, collaboration is the norm, not the exception."

Mirroring the success of Chinese electric vehicle brands—now accounting for 62% of global EV sales—and the emergence of DeepSeek, China is rapidly gaining a reputation for the ability to innovate "cheaper and faster." China's biotech sector is now stepping confidently onto the world stage.

## Opportunity Amid Headwinds



This rise comes even as the U.S. government tightens restrictions. Policies like the BioSecure Act and America First Investment Policy are designed to limit U.S. exposure to China's strategic industries, including biotech. Meanwhile, the National Security Commission on Emerging Biotechnology recently recommended \$15 billion in federal investment to bolster the U.S.'s competitive edge.

---

*"Dealmaking in China can be incredibly rewarding, but it demands patience and local insight. Don't rush it."*

*— Irene Hong, CEC Capital*

---

*(Irene Hong of CEC Capital)*

Still, Hong believes that geopolitical tensions haven't significantly dampened cross-border biotech activity.

"The door hasn't closed," she said. "Despite the geopolitical pressures and rhetoric, deals are still happening. The capital market is challenging and China biotech needs to survive, and to do that, they must get their assets to the clinic. That means they're eager to consider various structures, including commercial partnership, licensing, JV, and acquisition."

Domestic RMB-based investment funding for Chinese biotechs dropped 50-60% over the two-year period of 2022-2024, while foreign currency capital fell by more than 80% during the same period, creating a funding crunch that makes external partnerships more critical than ever.

## The Rise of the NewCo Model

One increasingly popular model is NewCo formation: U.S.-based financial investors license assets from Chinese firms and establish new U.S. companies to develop them. While not a new concept, its resurgence signals a practical workaround for assets that aren't quite ready for full acquisition.

"It's a step short of selling to multinationals, who often need more data before deciding to invest in an asset," Hong explained. "NewCo gives promising but unproven assets a chance to mature."

---

*"NewCo is not about hiding the China origin—it's about setting up a win with the right global team and capital."*

*— Irene Hong, CEC Capital*

---

The model also reflects the broader Chinese push to "go global," or *Chuhai*, by leveraging international capital, expertise, and regulatory infrastructure. There can be a misperception Hong notes, however, "NewCo's are not about taking a China asset and re-branding it to look non-Chinese. It's about taking an asset and passing the baton to a highly experienced foreign team, supported by foreign capital, to stack the deck in its favor in this highly competitive environment."

Many U.S. investors have utilized the NewCo model to acquire innovative assets from China, some of the NewCos have been successfully launched, including Jiangsu Hengrui and Hercules's Kailera Therapeutics, Keymed and Genor's merged entity Belenos.

## Bridging the Cultural Divide

CEC Capital has been working on cross-border deals for over 25 years. While many of the large pharma companies have strong search and evaluation teams on the ground, as well as transaction teams, Hong finds that there are many smaller mid-cap companies that are interested in navigating partnerships with Chinese biotechs.

According to Hong, success depends on more than term sheets and science. Understanding cultural and business norms is critically important. "There is extreme subtlety and nuance when negotiating and thinking about how to structure a deal, and the challenges go far beyond language," she said.

She cautioned that while China's biotech ecosystem is vast and fast-moving, it's also opaque in places. Many strong, under-the-radar companies and assets exist, but finding them requires on-the-ground expertise and local connections.

"Dealmaking in China can be incredibly rewarding, but it demands patience and local insight. Don't rush it."

### **Looking Beyond Blockbusters**

Hong notes that collaboration opportunities are also expanding beyond the typical blockbusters. While immuno-oncology and GLP-1 assets remain hot, there's growing interest in going beyond the hotly pursued antibody-drug conjugates (ADCs) to venture into infectious disease therapies and early-stage immunology programs.

"Not every deal has to be a mega blockbuster," she said. "Sometimes, the right fit lies in more specialized or platform-based innovations."

China's biotech innovation is more diversified and merits dedicated attention that goes beyond blockbusters (*China a hotbed for innovation amid potential political upheaval, says expert*<sup>1</sup>).

### **Advice for Both Sides**

For foreign companies: do your due diligence, identify the right partners, be patient and don't rush it, and commit to understanding how China does business.

Doing business in China requires a long-term view, a deep understanding of the local business culture and practices, and a desire to be persistent because the process can be taking months and months.

For Chinese firms looking to attract global attention: prepare your data, communicate clearly and regularly, and understand what Western partners expect.

"China has assets. China needs capital. That creates the foundation for synergistic partnerships," said Hong. "But as always in biotech, you don't know until you look."

## **IV. Conclusions**

China's biotech scene has entered a new phase—globally integrated, capital constrained, but scientifically ambitious. Success in sourcing innovation from China now requires more than transactional outreach; it demands on-the-ground scouting, patience, and a commitment to long-term collaboration.

Companies that align strategically and culturally with local innovators stand to benefit not just from cutting-edge science but from building the next generation of global therapies.

**[Editor's note:** Special Thanks to the invaluable contributions from the interviewees and their teams at CEC Capital, J&J Innovation, Bayer Healthcare, and Sevier to this **ChinaBio Thought Leadership Series**, produced specially for the ChinaBio Partnering Forum 2025, held in Shanghai April 23-24 and virtually April 29-30. For more information, please check out:

<https://informaconnect.com/chinabio-partnering/>]

*[Brian Yang is a health journalist who has covered China's rising biotech sector for over 12 years. He writes for STAT News, In Vivo, among others. He can be reached at [brianhxyang@yahoo.com](mailto:brianhxyang@yahoo.com) or LinkedIn, X]*

---

Millie Nielson, BioXconomy, March 17, 2025. <https://www.bioxconomy.com/hubs/china-a-hotbed-for-innovation-amid-potential-political-upheaval-say-experts>