

State of China Life Science – 2019

2018 another record year!
What does 2019 hold?

China Showcase - January 6, 2019






Greg B. Scott, Founder

CHINABIO[®] GROUP
Consulting | Capital | Conferences

Topics

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

2018 Investment Activity: New records set across the board

Area	2018	2008	10 Year Growth	2017	YoY	Trend
Funds Raised	\$42.8B	\$1.2B*	36X	\$39.8B	7.5%	
VC Investment	\$17.4B	\$327M	53X	\$12.7B	36%	
M&A	\$34.2B	\$1.8B	19X	\$22.3B	53%	
IPO	\$6.9B	\$168M	36X	\$4.9B	41%	
Partnering	\$13.8B	\$726M	19X	\$8.3B	66%	

Source: ChinaBio® Consulting

Overall factors driving China life science investment

“It’s the golden era of healthcare in China”

- Robust Government Support
 - \$100B+ / yr in funding, improving healthcare policies
- Significant VC/PE Funding
 - China on par with and about to exceed US investing in life science
- Sweeping Regulatory Changes
 - Significant move toward global standardization; ICH membership
- Strong Talent Base
 - Over 2 million returnees in last 6 years, ~250,000 in life science
- Major Socio-economic Trends
 - 6.5% in GDP growth; 300M+ middle class with \$\$
 - aging population (31% by 2050); chronic disease up 20-30%/yr
 - #2 pharma market, #1 by 2020 with >\$1T in HC spending



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.

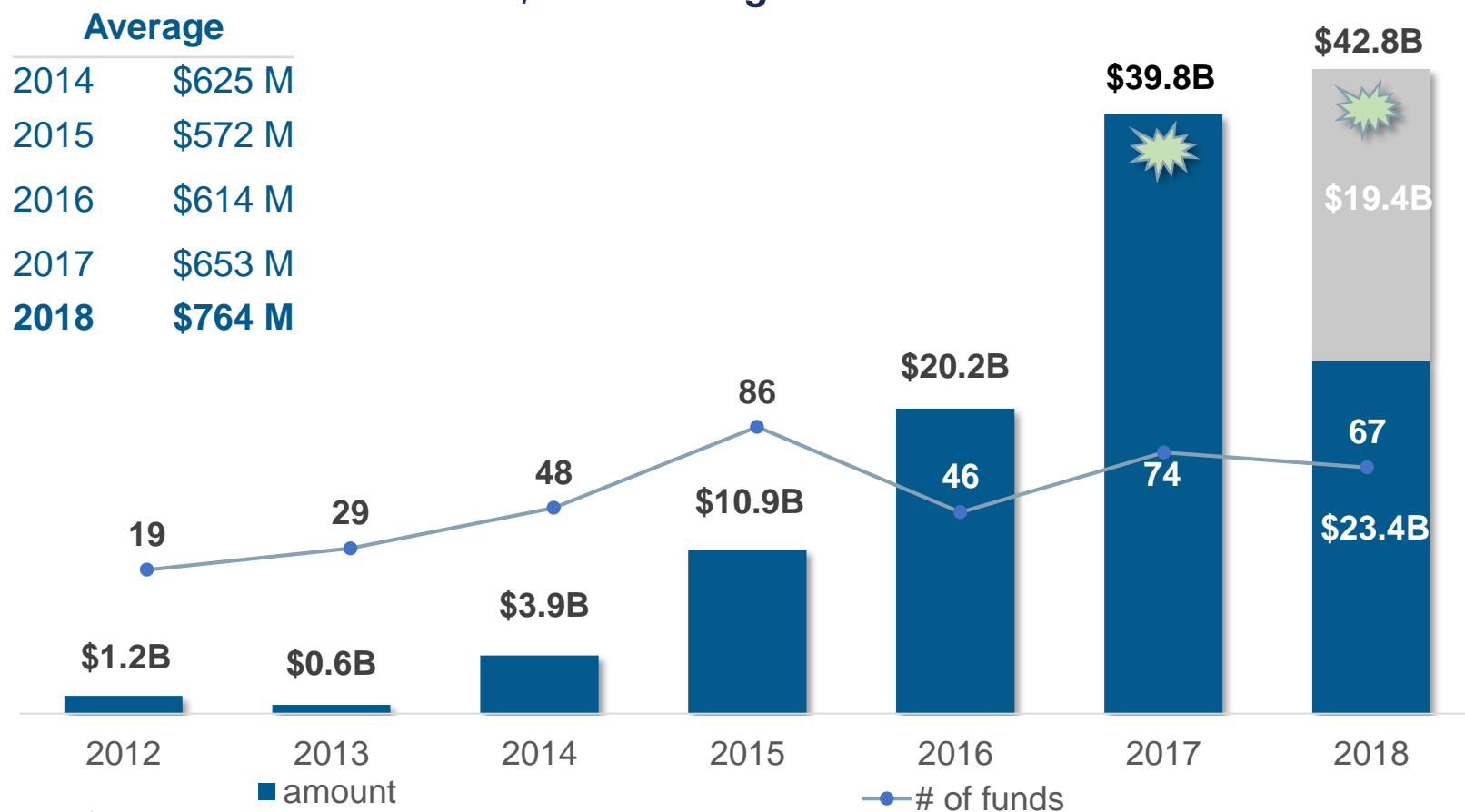
Investment Activity

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

VC/PE funds raised grew 7.5% in 2018 Fewer but larger funds; H2 slowed slightly

VC/PE Funds Raised Targeting China Healthcare

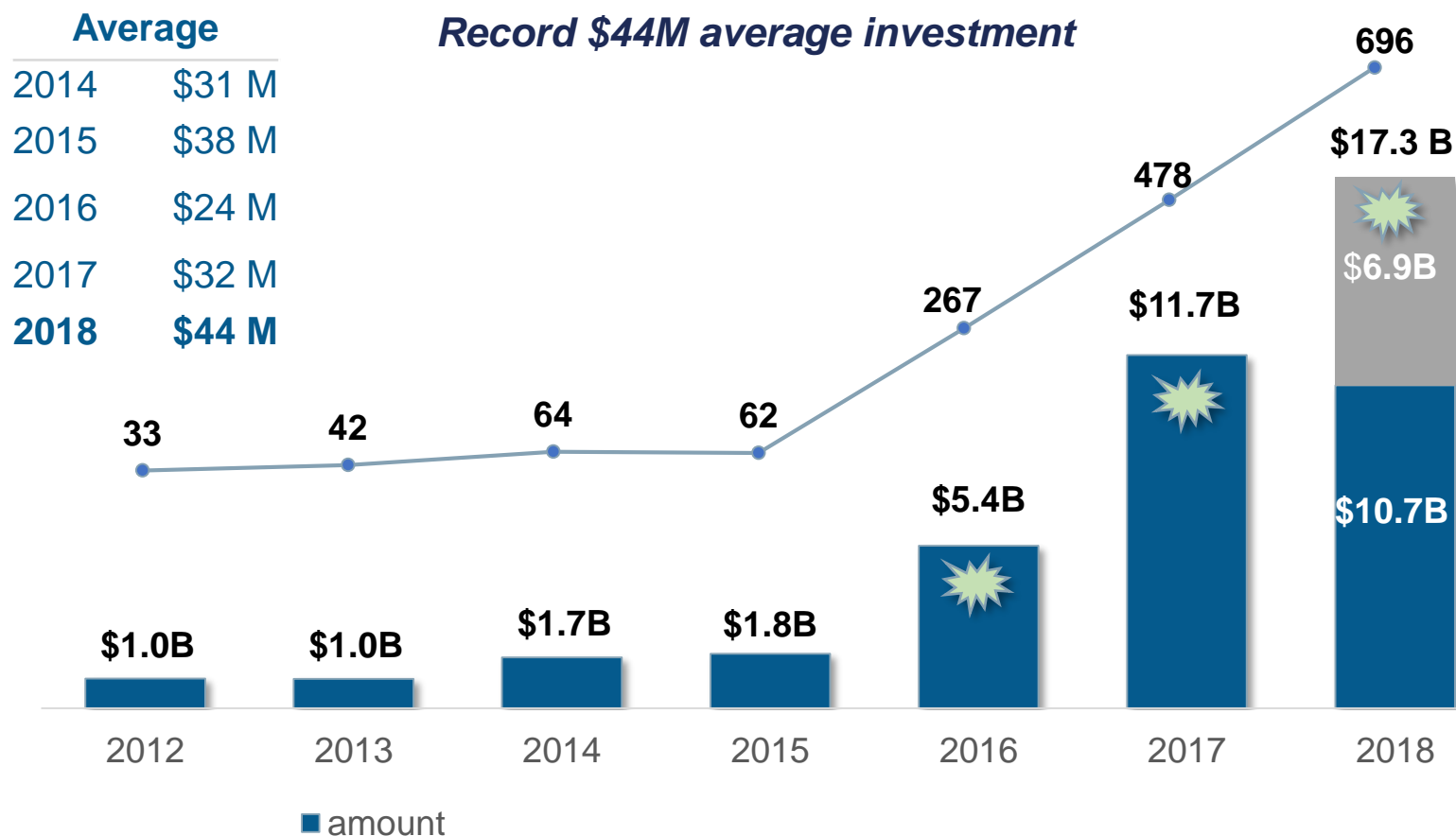
Record \$764M average fund size



Source: ChinaBio® Consulting

Investment flowing into China life science jumped 36% with record average deal size, but H2 slowed

VC/PE Investment in China Healthcare

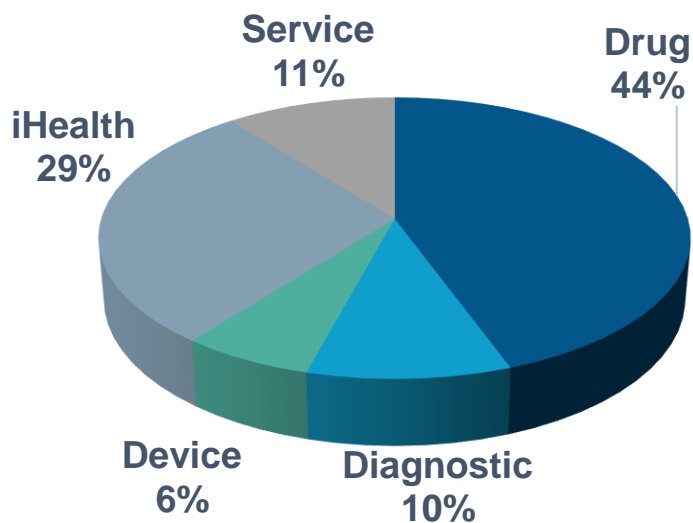


Source: ChinaBio® Consulting

Drug companies received largest VC investment followed by iHealth companies

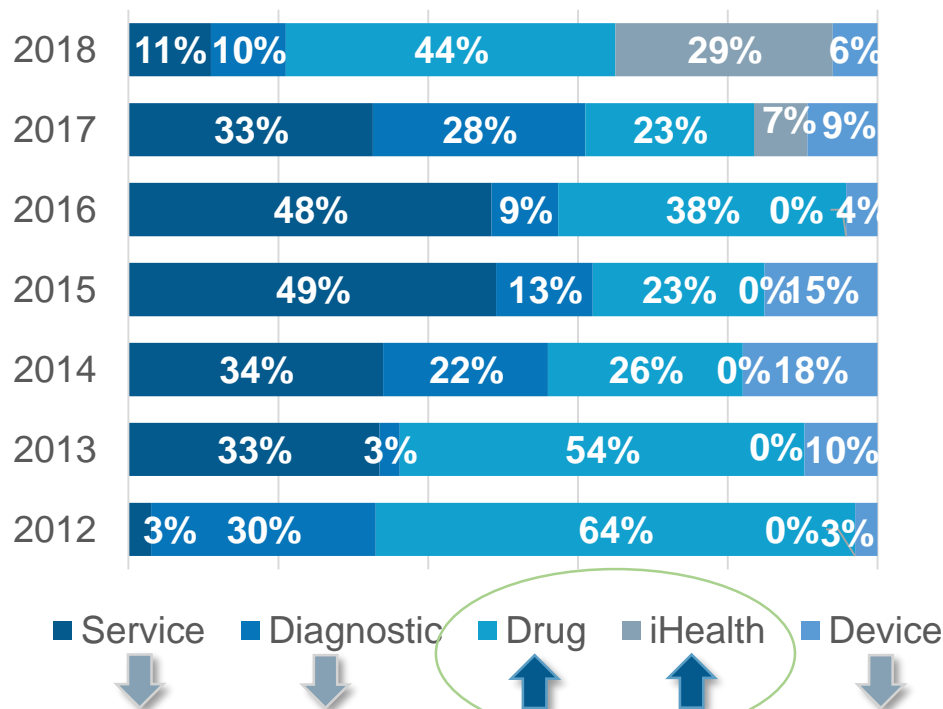
VC Investment 2018
– by Sector

Amount



VC Investment 2012-2018
– by Sector





Amount



Source: ChinaBio® Consulting

Note: iHealth included in Services prior to 2017

VC Investment: Deals of Note 2018 (1)



Company	Type	Investors	Month	Amount (\$)	
Moderna Therapeutics	Drug	Abu Dhabi Investment Bureau, Sequoia, BB Biotech AG, Arrowmark Partners	Feb.	\$500M	
Grail	Diagnostic	Ally Bridge, Hillhouse, 6 Dimensions, Blue Pool, ICBC International, Decheng	May	\$300M	
CStone Pharmaceuticals	Drug	GIC Private Limited, Sequoia, ARCH, Hillhouse, Yunfeng Capital, CITIC PE	May	\$260M	
Brii Biosciences	Drug	ARCH, 6 Dimensions, Yunfeng Capital, Sequoia Capital, Blue Pool Capital, Boyu Capital	May	\$260M	
Ping An Healthcare	iHealth	IDG Venture, SBI Investment, SoftBank	Feb.	\$1.2B	

Source: ChinaBio® Consulting



Cross-border Deals

VC Investment: Deals of Note 2018 (2)

Company	Type	Investors	Month	Amount (\$)	
Innovent	Drug	Capital Group, Temasek, Hillhouse, Legend Capital, Lilly Asia Ventures, Taikang Insurance, Cormorant, Rock Springs, Ally Bridge	Apr.	\$150M	
China Diagnostic Medical	Diagnostic	Legend Capital	Aug.	\$292M	
I-Mab Biopharma	Drug	Hony Capital, Hillhouse, HOPU Investments, CDH	June	\$220M	
LinkDoc	iHealth	China Investment Corporation	July	\$151M	
Tasly Biopharma	Drug	Ally Bridge	July	\$150M	

Source: ChinaBio® Consulting

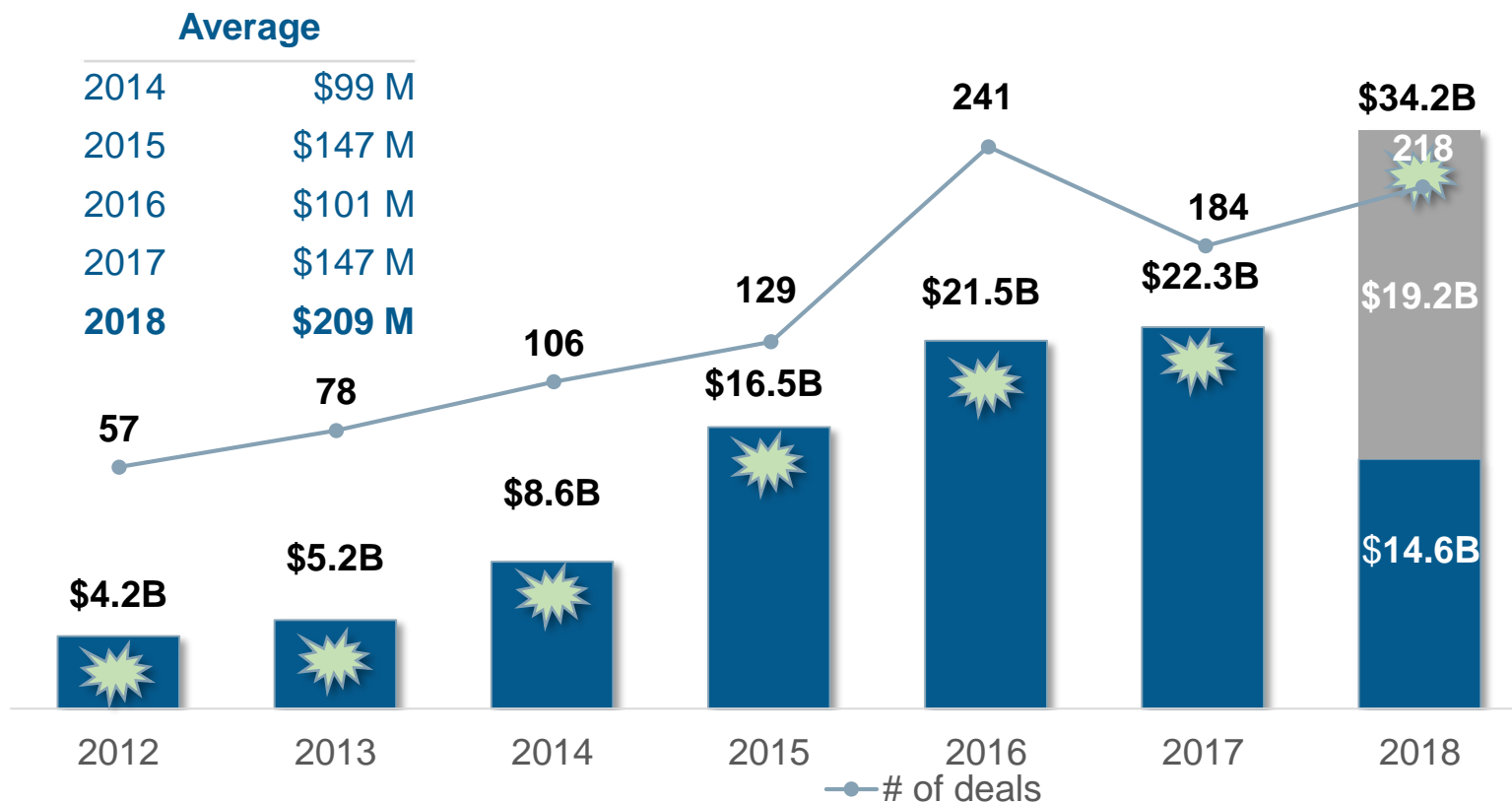


Cross-border Deals

M&A: 7th record year, up over 50% from 2017

M&A Activity in China Healthcare

Record \$209M average deal size



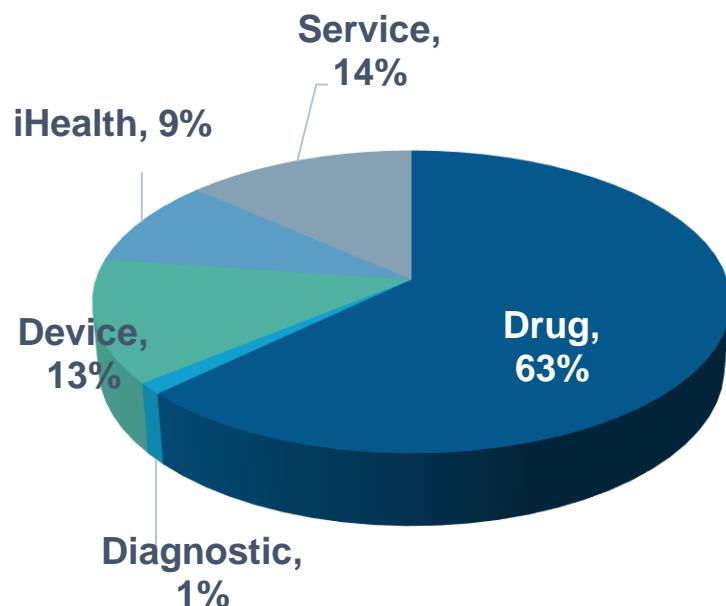
Source: ChinaBio® Consulting

Pharma sector dominates M&A in total deal value, more than four times the #2 sector, Services

M&A Activity 2018

- by Sector

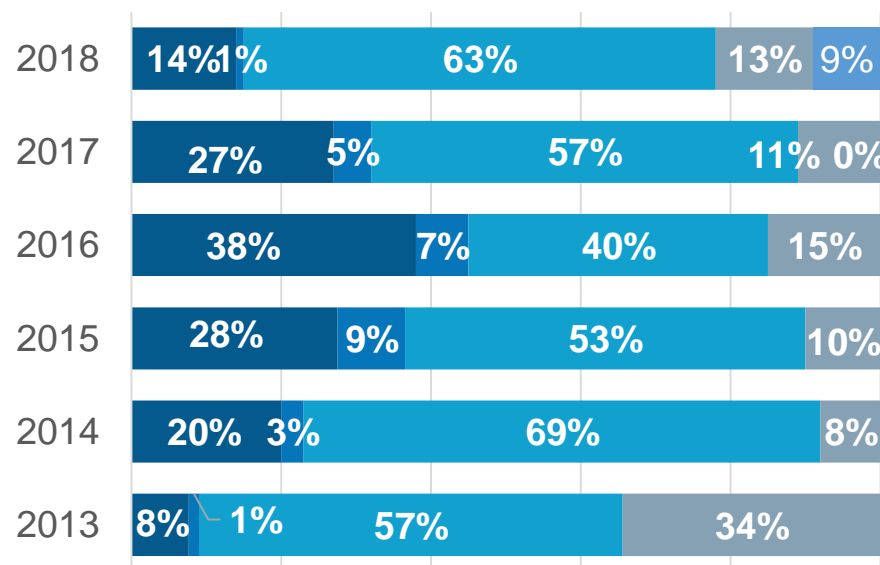
Amount



M&A Activity 2013-2018

- by Sector

Amount



Source: ChinaBio® Consulting

M&A: Deals of Note 2018

Outbound cross-border acquisitions remain active

Acquirer	Target	Type	Date	Amount (\$)
Alibaba	iKang Healthcare	Service	Mar.	\$1.4B
Alibaba Health Information Technology	JK Medical Products Limited	iHealth	May.	\$1.4B
China Grand Pharmaceutical	Sirtex Medical	Device	Jun.	\$1.4B
China Resources Pharma	Jiangzhong Group	Drug	May.	\$613M
China consortium including Jianyin Investment (JIC) & Tamar Alliance	Natures Care Manufacture Pty	Drug	Apr.	\$600M
Harbin Pharmaceutical Group	GNC Holdings	Drug	Feb.	\$300M
Shanghai Pharma	Techpool Bio-Pharma	Drug	May.	\$280M
Shanghai RAAS	Grifols Diagnostic Solutions Inc	Drug	Nov.	\$5B



Source: ChinaBio® Consulting

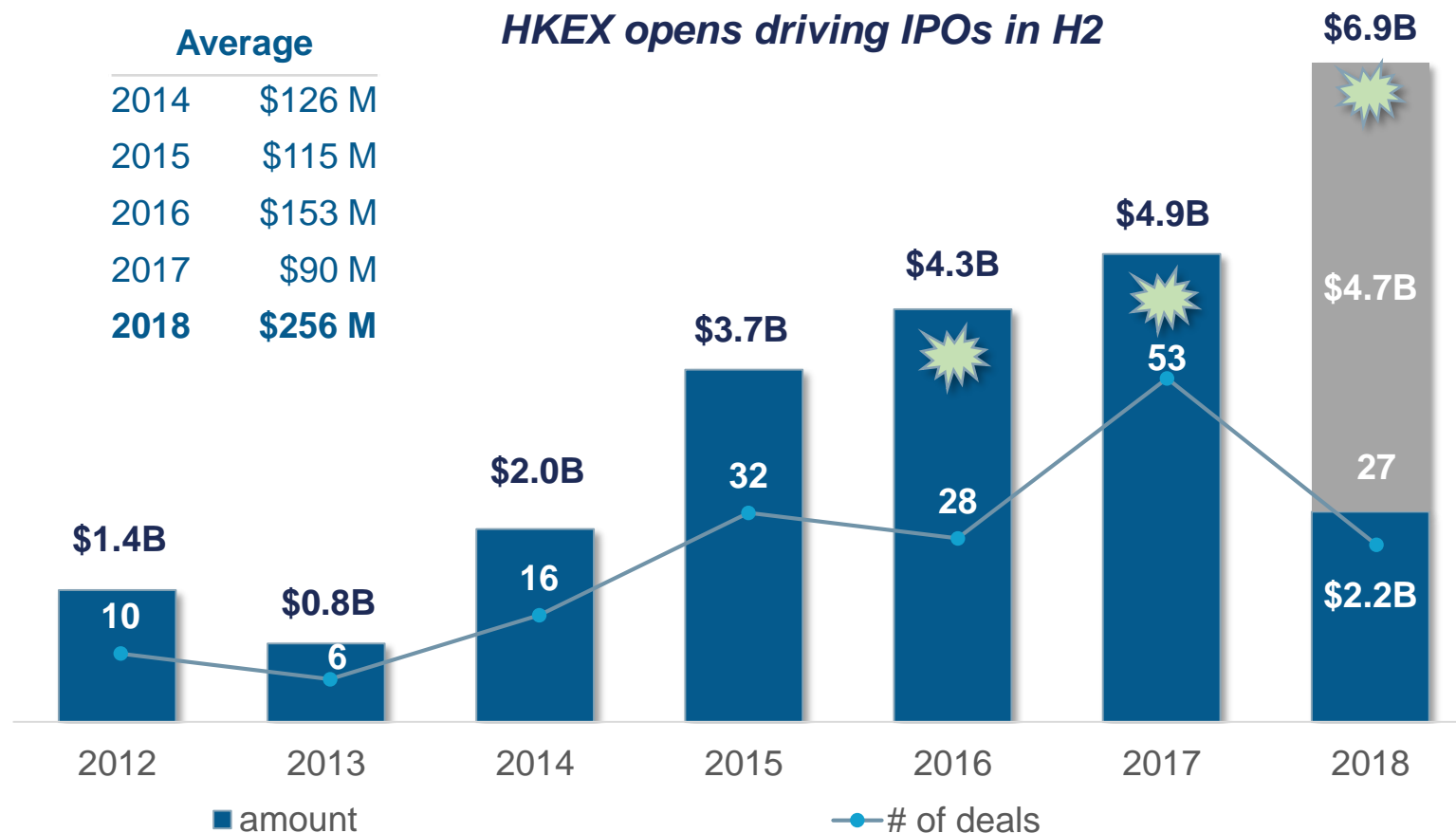


Cross-border Deals

IPO funds raised hits \$7B, an increase of 41%, and record avg up to \$256M, but number of IPOs down

IPOs in China Healthcare

HKEX opens driving IPOs in H2



Source: ChinaBio® Consulting

IPO: Deals of Note 2018

Company Name	Exchange	Stock Ticker	Capital Raised (USD)	Company Type	Month
ARMO BioSciences	NSDQ	ARMO	\$123 M	Drug	Jan.
Ping An Healthcare (Good Doctor)	HKSE	01833	\$1.0B	iHealth	May
BeiGene	HKSE	06160	\$870M	Drug	Aug.
Ascleptis Pharma	HKSE	01672	\$380M	Drug	Aug.
WuXi AppTec	SSE	603259	\$350M	Service	May
Mindray	GEM	300760	\$870M	Medical Devices	Oct.
Innovent Biologics	HKSE	01801	\$400M	Drug	Oct.
WuXi AppTec	HKSE	02359	\$1.0B	Service	Dec.

Source: ChinaBio® Consulting

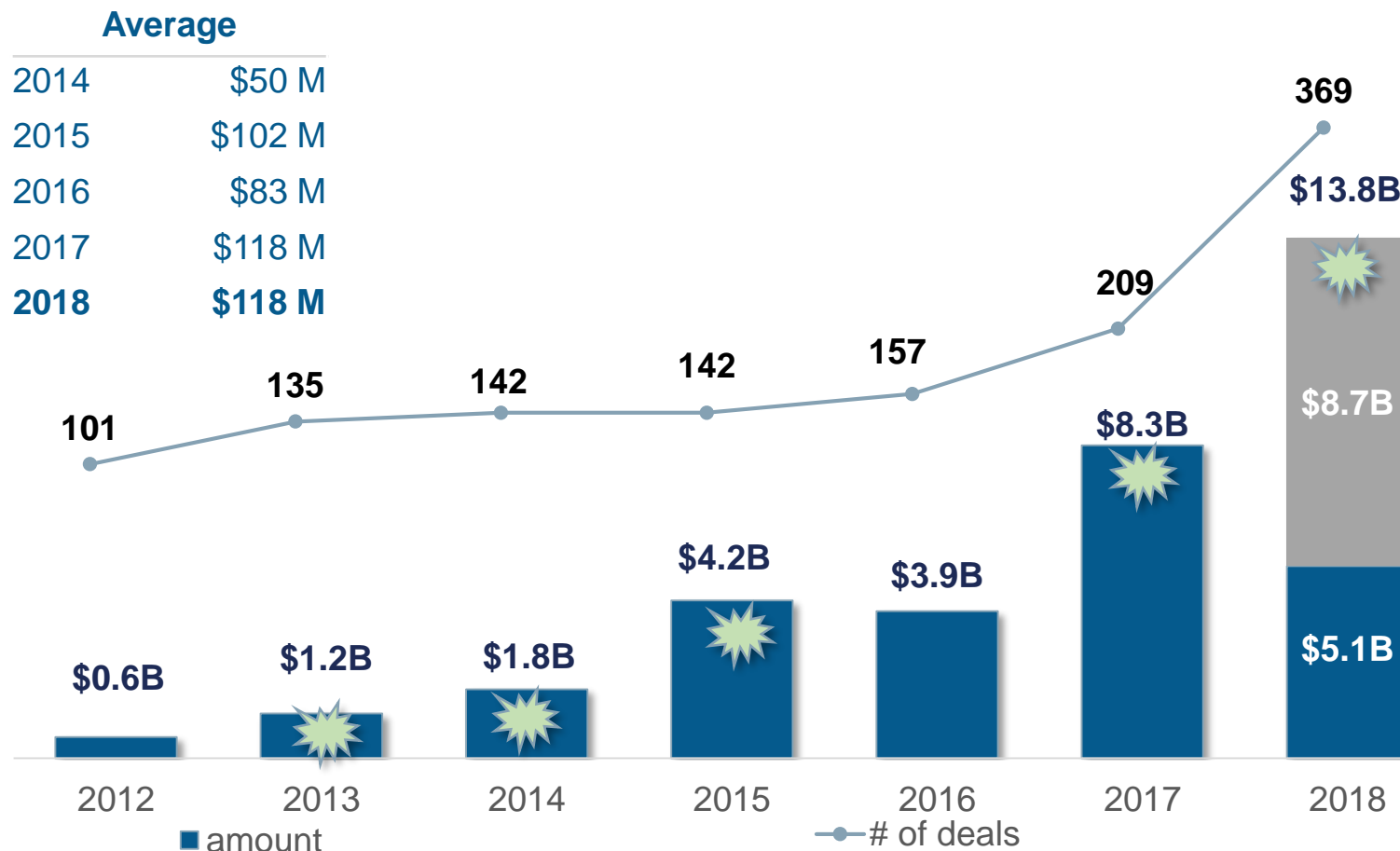


Partnering Activity

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

New record set for partnering at \$13.8B, up 66% Major activity in H2 – no slowdown in cross-border

Partnering Deals in China Healthcare

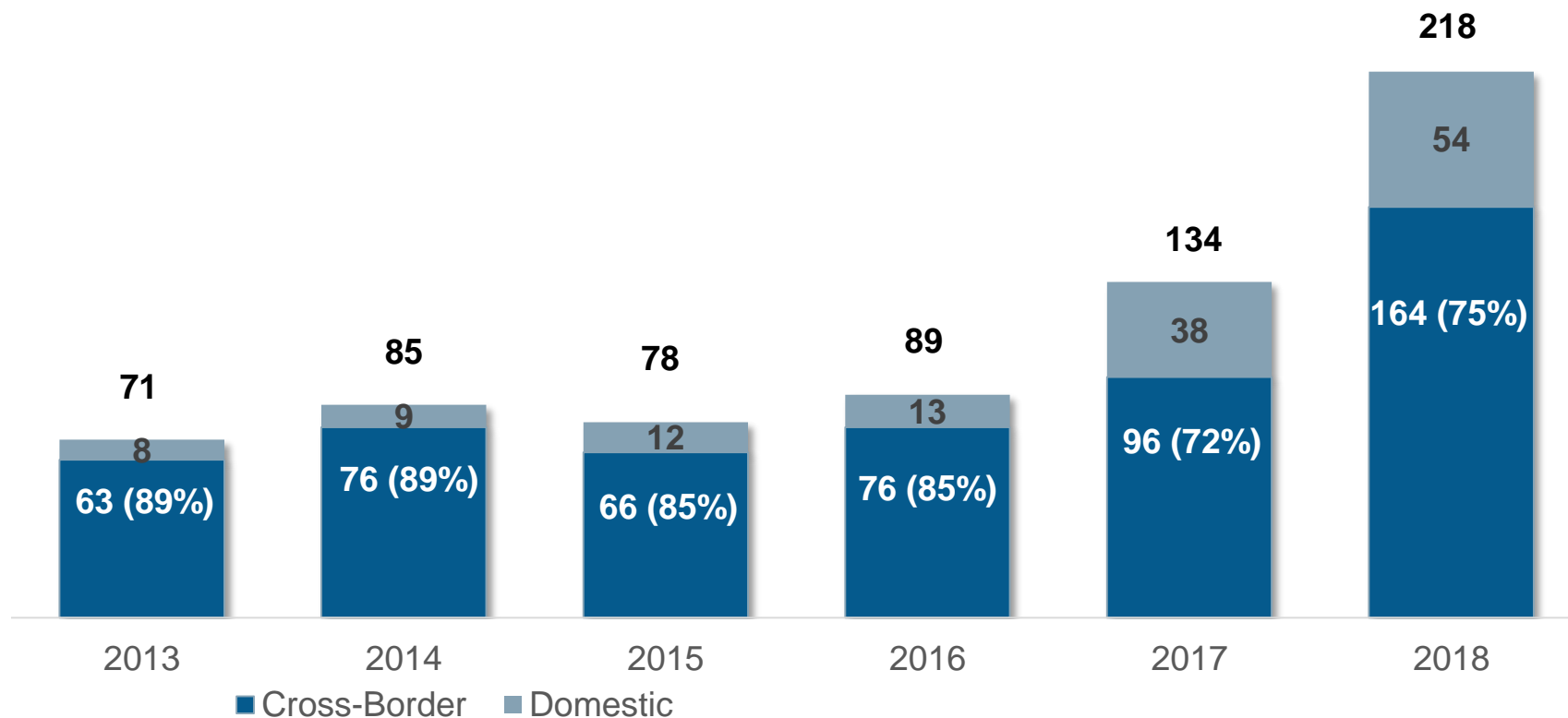


Source: ChinaBio® Consulting

Partnering and JV deals

Number of pharma partnering deals jumps 63% and cross-border partnering increases 70%

Cross-border Pharma Partnering
Represents >75% of all pharma partnering



Source: ChinaBio® Consulting

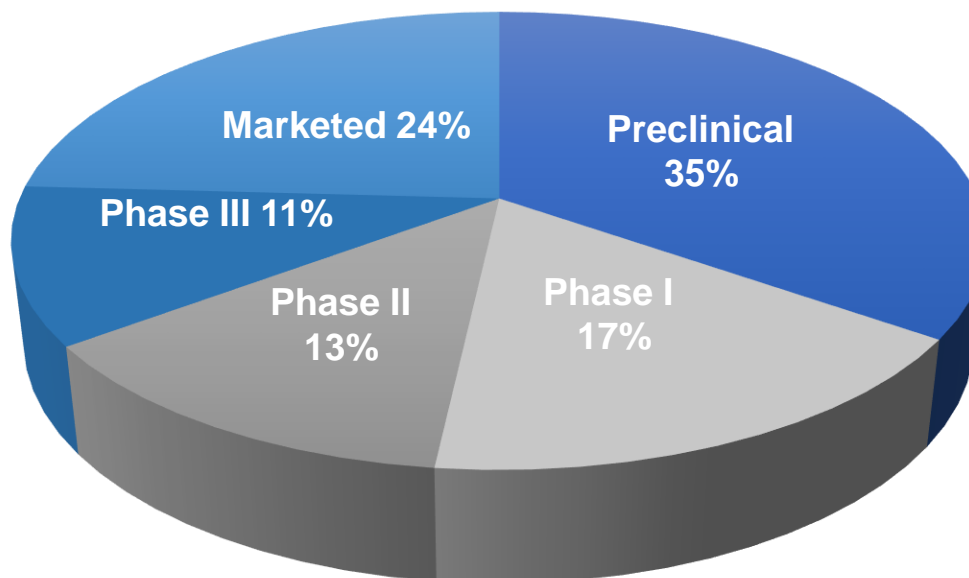
Partnering and JV deals, 2018

Partnering by Clinical Stage: Preclinical #1 (35%), followed by marketed assets (24%)

Cross-border Pharma Partnering by Clinical Stage

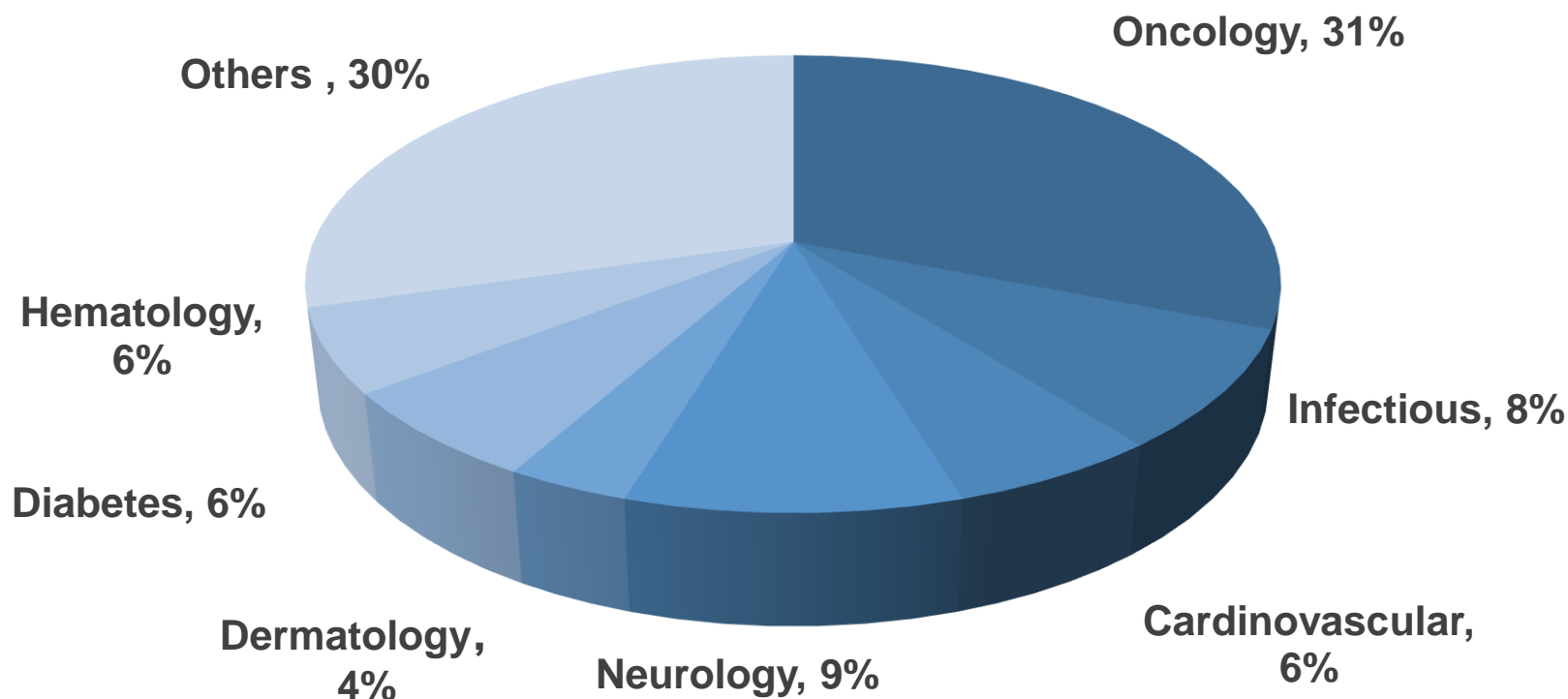
Preclinical down somewhat from 24% and marketed assets up from 15%

Clinical Stage



Oncology still dominating partnering activity at 31% followed by neurology, the fastest growing indication







Pharma Partnering by Indication – 2018 (# of deals)



Source: ChinaBio® Consulting






Partnering and JV deals, 2017

Partnering: Deals of Note 2018 (1)

Company A	Company B	Type	Month	Brief Description	
BeiGene	Zymeworks	Drug	Nov.	BeiGene acquires Asian rights to cancer drugs in deal worth up to \$1.3 billion	
Luye Pharma	AstraZeneca	Drug	May	Luye acquired rights to AZ's antipsychotic drug Seroquel in 51 countries including China, UK, Brazil, Australia, etc.	
WuXi Biologics	Oxford Bio Therapeutics	Service	Dec.	WuXi Biologics out-licensed a double antibody to OBT for \$450 million	
CStone	Agios	Drug	June	CStone licensed agreement for the development and commercialization of ivosidenib	
CStone	Blueprint Medicines	Drug	June	CStone in-licensed three drugs from US-based Blueprint Medicines	
Antegene	Karyopharm Therapeutics	Drug	May	Antegene receives Asian rights to four oncology assets	

Source: ChinaBio® Consulting

Partnering: Deals of Note 2018 (2)

Company A	Company B	Type	Month	Brief Description	
Oncologie	Mologene AG	Drug	Nov.	Mologene signed a global assignment of all intellectual property and other rights agreement with Oncologie	
Xyonic	Boehringer Ingelheim	Drug	Dec.	Xyonic acquired cancer candidate in \$800 million deal	
Innovent	Incyte	Drug	Dec.	Innovent formed a \$390M collaboration for China rights to three clinical-stage drug candidates developed by Incyte	
Hengrui Pharma	TG Therapeutics	Drug	Jan.	TG Therapeutic in-licenced 3 BTK inhibitors from Hengrui	
Fosun	Revance	Drug	Dec	Fosun Pharma acquired rights to Botox-type drug for \$260M	

Source: ChinaBio® Consulting

ChinaBio® Introduction

Your trusted partner in China life science™

Consulting | 咨询

Capital | 资本

Conferences | 会议

Our 12th year in China!

ChinaBio® is focused solely on helping life science companies and investors in the US, EU and APAC achieve success in China

ChinaBio® Partnering Forum: May 8-9, 2019, Shanghai

Largest global partnering conference in China...



11TH ANNUAL INTERNATIONAL PARTNERING CONFERENCE

CHINABIO® PARTNERING FORUM 合作论坛 2019

MAY 8-9, 2019 // SHANGHAI, CHINA

WHAT TO EXPECT IN 2019

1,200+ Attendees	80+ Company presentations	2,500+ One-to-one meetings
500+ Companies	25+ Countries	

RETURNING TO SHANGHAI

Zhangjiang Hi-Tech Park

- First & largest park in China
- Over 1,500 life science cos.
- Roche, BI, Amgen, AZ, GSK, Novartis, Pfizer, Zai Lab

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Thank you! 谢谢你!

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