

The axiom *'Farmer or Hunter?'* is now  
*'Pharma Hunter'*



# Pharma Hunters

## Chinese Life Sciences Acquirers

308 cross-border deals in biotech, diagnostics, medtech & pharma  
totalling \$20 billion



# About **B**LINKING

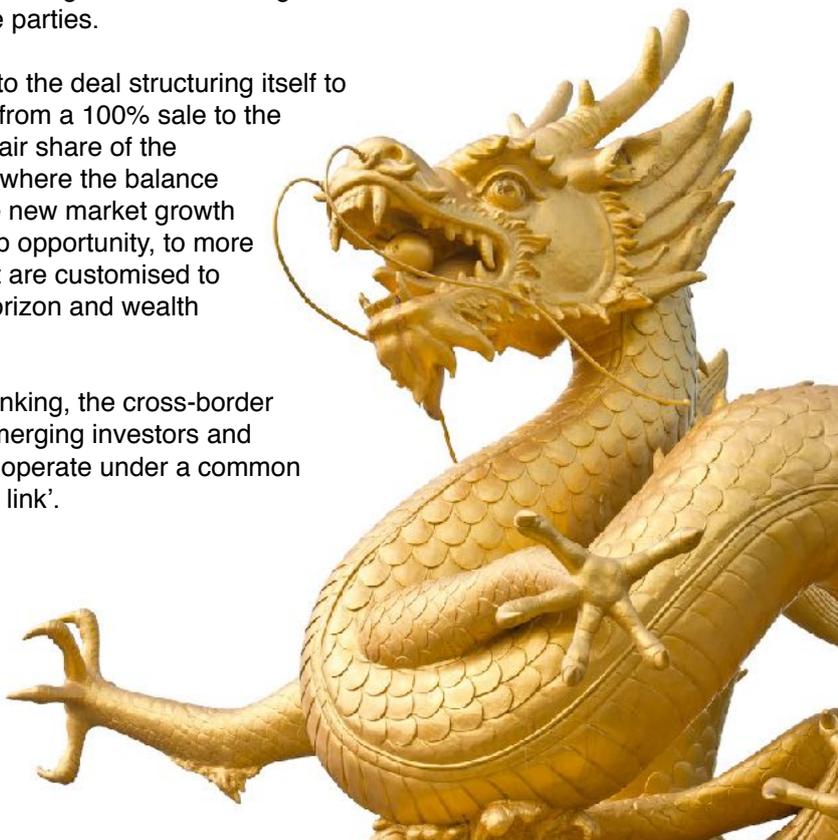
A DIVISION OF  THINKING

**BioLinking** introduces Western biotech and life sciences opportunities primarily to Chinese investors from our offices in London and Beijing. We represent company owners in the West to bridge the gap between what logically should happen and what actually does happen – the gap between the right opportunity in one market and the right investor in another, which otherwise either may not meet each other or not conclude a balanced deal. We follow two key principles to achieve this:

1. We focus on situations where the company owners/CEOs view China as a high priority growth opportunity and where the company's products/science are demanded as a high priority by the Chinese side due to market gaps and demographics. Our experience has found that if the China market is a high priority for the Western side but the Western side is only a medium priority for the Chinese side – or vice versa – a deal is difficult to arrange. Our strict use of this two-way 'handshake logic' enhances success by assuring that there is a high degree of overlap in the commercial interests of the parties.

2. We employ a similar two-directional philosophy to the deal structuring itself to deliver win-win transactions. Our structures range from a 100% sale to the optimal acquirer at a premium price that reflects a fair share of the potential market growth, to a minority/majority sale where the balance retained gives the owner economic upside from the new market growth and a subsequent revaluation or ongoing ownership opportunity, to more complex mixes of out-licensing and investment that are customised to balance the opportunity, risk, capital needs, time horizon and wealth creation opportunity of the parties around the table.

BioLinking is the life sciences division of ThinkingLinking, the cross-border transaction adviser specialised in capitalising on emerging investors and emerging growth markets such as China, and both operate under a common strategy-before-finance slogan 'We think before we link'.





***‘Farmer or Hunter?’***

# **The Pharma Hunters have arrived...**

Everyone is talking about Chinese demand for life sciences products, patents and licenses. We hear about the product gaps in their market, the demographic imperatives, and the government’s role, and we see M&A announcements the whole time. So we have compiled a comprehensive study about the planet’s most active and fastest growing ‘Pharma Hunters’ – Chinese investors.

We analysed 500 deal announcements – eliminating about 200 which didn’t complete – to produce the first exhaustive report on 308 Chinese outbound life sciences acquisitions to answer these questions:

- Chinese investment is rising, but by how much and where is it being focused in each area of life sciences: biotech, diagnostics, medtech or pharma?
- Which target countries are seeing the investment in number of deals and which are getting most of the money due to different deal sizes?
- What deal sizes and structures are being done in each of these sectors?
- And who are the hunters: strategic acquirers or private equity players; known listed companies or more obscure privately-held companies; Mainland or Hong Kong buyers; first-time hunters or old masters of the M&A jungle?

# 308 deals and \$20bn, so far...

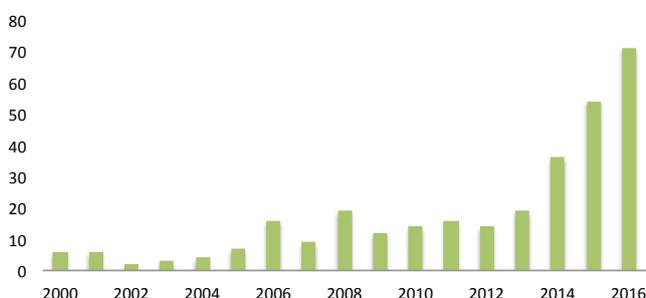
238 Chinese Pharma Hunters made a total of 308 cross-border acquisitions in minority, majority or 100% deals, in more than 30 different countries, spending a total of \$19,528 million. This isn't the full picture because the purchase price in 85 of the deals wasn't disclosed.

The Pharma Hunters have become more active with a certainty and consistency that makes an almost perfect graph in recent deal numbers and tempting to extrapolate into the future.

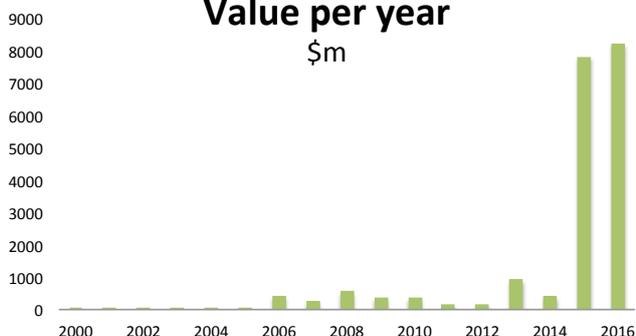
Chinese investors outgrew each others' prior year activity since the fashion took off in 2012 – in both volume and value, reaching 71 deals last year and a value of \$8,197 million for the 55 disclosed ones.

The hunters have a broad interest in all areas of the sector with pharma getting the highest share but closely followed by biotech and medtech, diagnostics and service providers such as CROs. Given the relative much larger size of the pharma sector, the hunting frenzy in the other sectors is all the more impressive.

## Deals per year



## Value per year \$m



Source: *ThinkingLinking ChinaBase*

## Are the Chinese 'betting the pharm'?

To make a pun on the American expression, we ask ourselves, "Is China betting the pharm?" The answer is no.

- The huge \$20bn investment on 308 life sciences deals is spread across more than two hundred different hunters. It is no bet.
- China is already the second largest health economy in the world and growing faster than any other in spend and demographic need.
- New wealth is replacing a former fatalistic attitude to life with high expectations and even disappointment and demands on the quality of healthcare and products.
- Demographics will only add more potency and potential to the mix.
- Meanwhile the Chinese government, despite generally wanting to restrict capital outflows, is supportive of outbound M&A in this sector.
- The government recognises the need, doesn't want to disappoint but at the same time wants its own companies to be the primary economic beneficiaries of filing this need, in effect meaning they need to own the products or rights.

The result – a 'perfect storm' of domestic life sciences demands which is sucking in from the West companies, products, patents and licenses. In short, to anyone who's worrying the Chinese are betting the farm, one can reply, "No, it's like a prudent farmer spending his resources on planting seeds to feed his family."

In number of deals, the new Pharma Hunters have been more active in the US than Europe (148 versus 66) but Europe is a recent focus and in value it has already overtaken the US. The hunters spent \$6bn there versus \$5bn in the US.

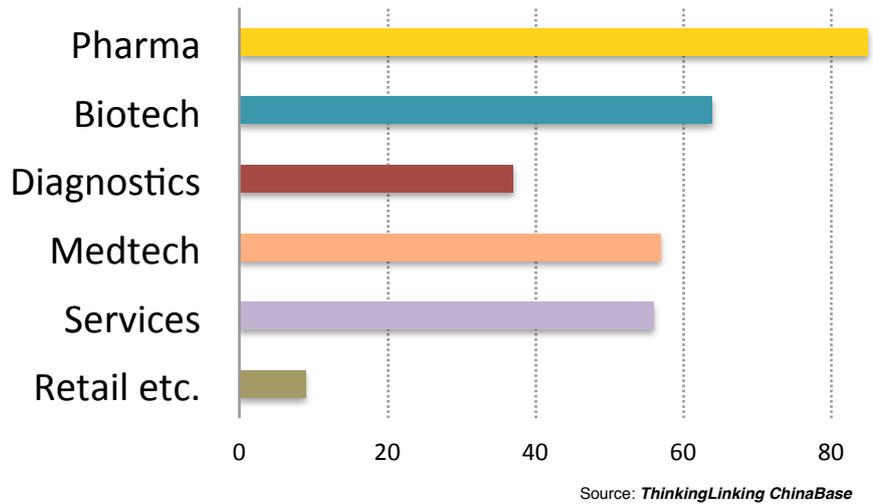
Since, at least theoretically, 'science has no frontiers', the geographical concentrations found within each area of life sciences can be attributed to practical factors such as which countries have a higher concentration of development and ownership in the particular field, as well as changing Chinese familiarity with different countries.

Apart from the US, the hot spots for Chinese hunters are the UK, Canada, Germany and Israel. Plus there are now dozens of smaller and emerging markets where they are discovering products they need. We see the hunters catching opportunities in markets from Czech to Chile to Costa Rica and from Malaysia to Mongolia.

The largest deals were concentrated in the UK. Its 16 deals had a total disclosed value of \$4.7bn, accounting for nearly 80% of Europe's value but just a quarter of number of deals.

## What they hunt

### Number of deals

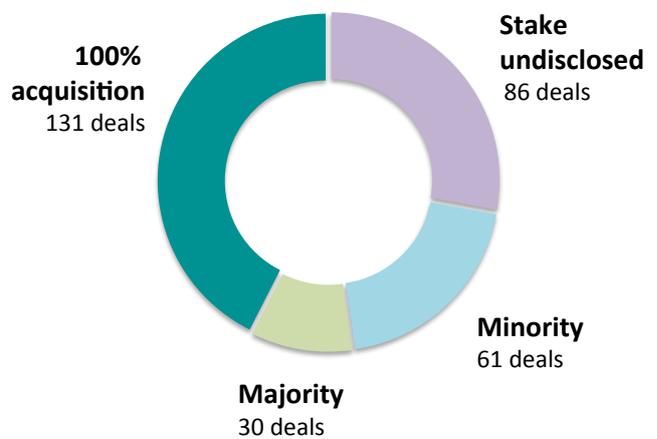


## Deal Sizes



Source: *ThinkingLinking ChinaBase*

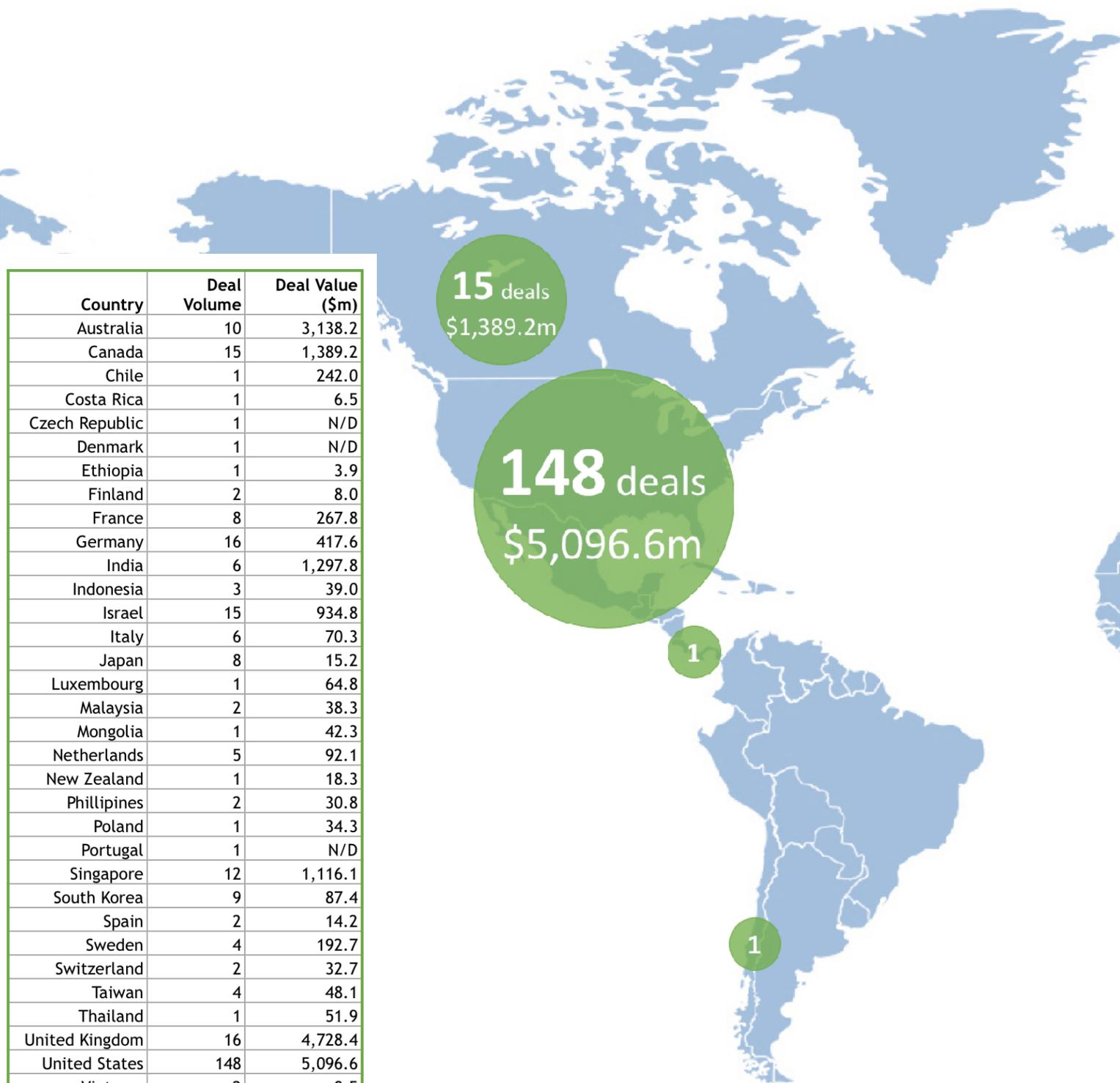
## Deal Structures



Source: *ThinkingLinking ChinaBase*

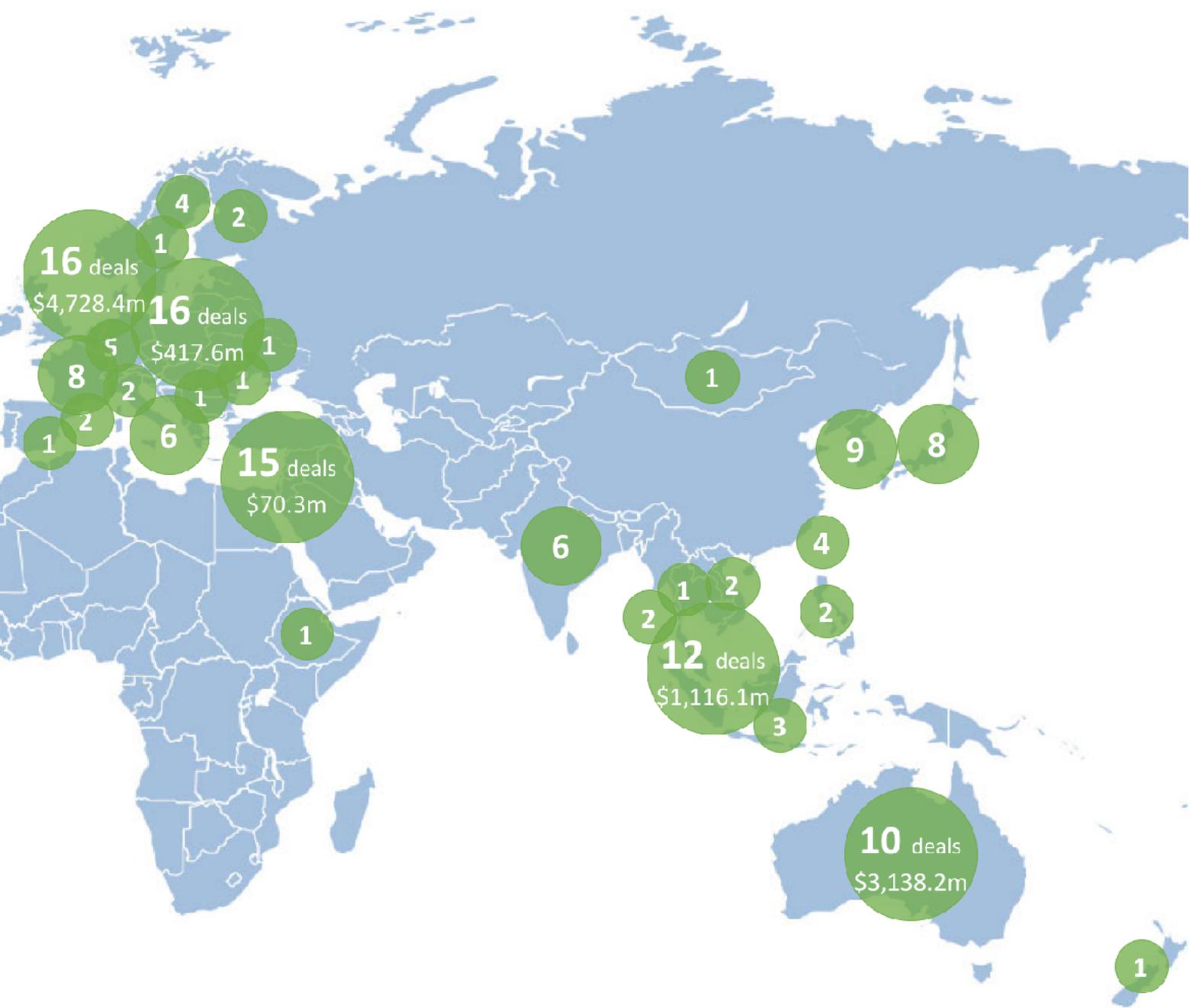
# Where they hunt

\$20bn and 308 deals across the globe



Country	Deal Volume	Deal Value (\$m)
Australia	10	3,138.2
Canada	15	1,389.2
Chile	1	242.0
Costa Rica	1	6.5
Czech Republic	1	N/D
Denmark	1	N/D
Ethiopia	1	3.9
Finland	2	8.0
France	8	267.8
Germany	16	417.6
India	6	1,297.8
Indonesia	3	39.0
Israel	15	934.8
Italy	6	70.3
Japan	8	15.2
Luxembourg	1	64.8
Malaysia	2	38.3
Mongolia	1	42.3
Netherlands	5	92.1
New Zealand	1	18.3
Phillipines	2	30.8
Poland	1	34.3
Portugal	1	N/D
Singapore	12	1,116.1
South Korea	9	87.4
Spain	2	14.2
Sweden	4	192.7
Switzerland	2	32.7
Taiwan	4	48.1
Thailand	1	51.9
United Kingdom	16	4,728.4
United States	148	5,096.6
Vietnam	2	8.5
<b>Total</b>	<b>308</b>	<b>19,527.8</b>

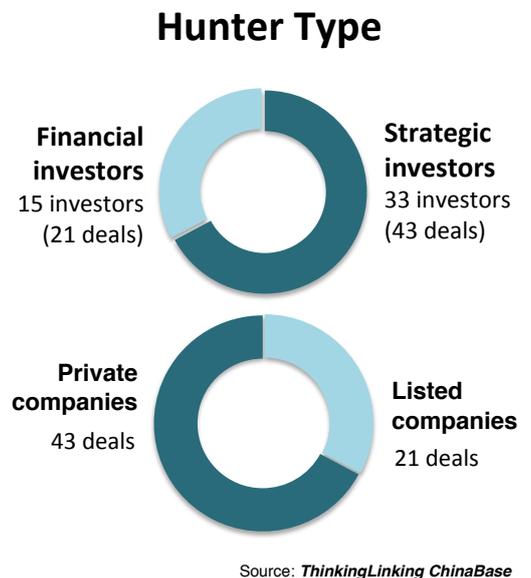
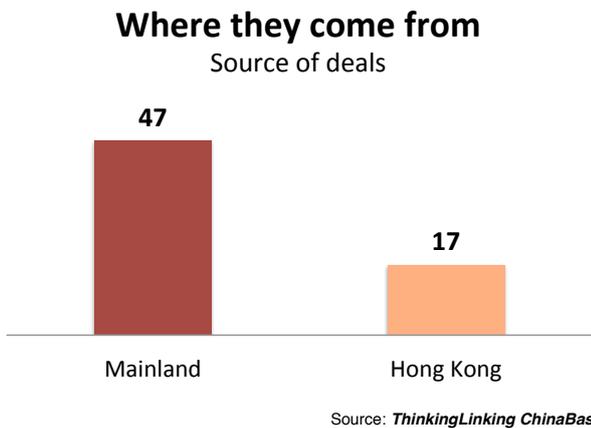
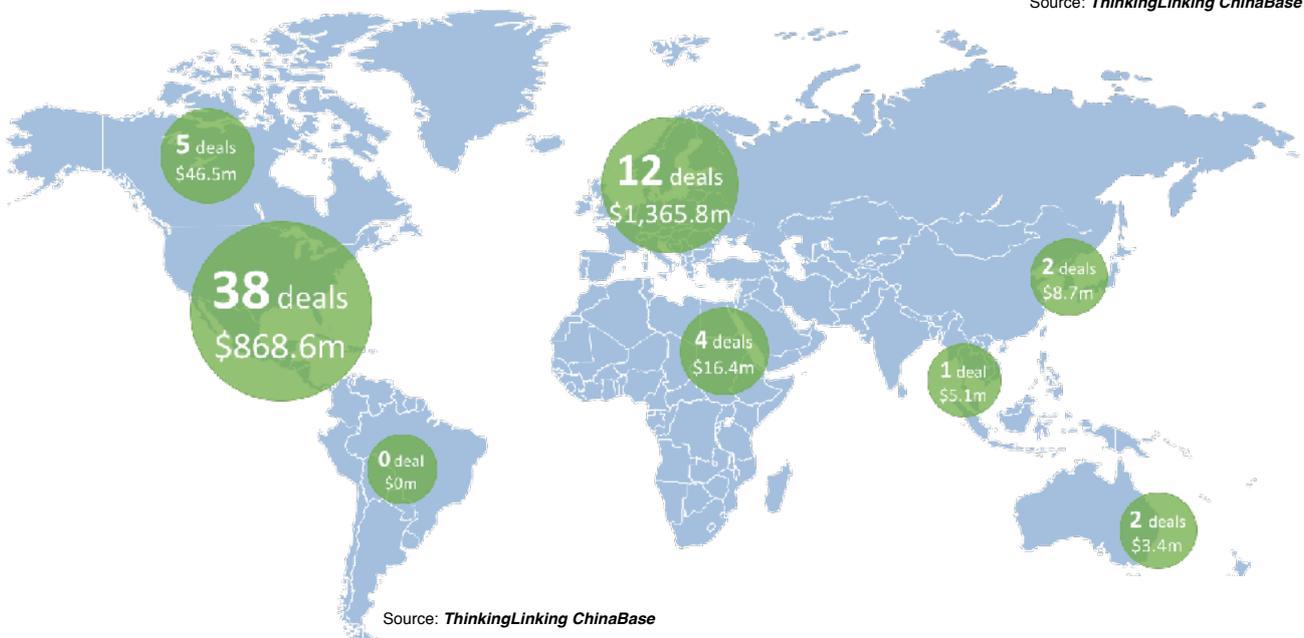
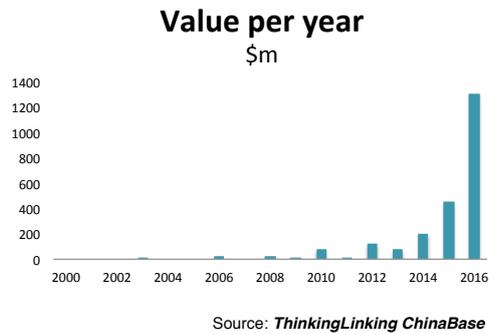
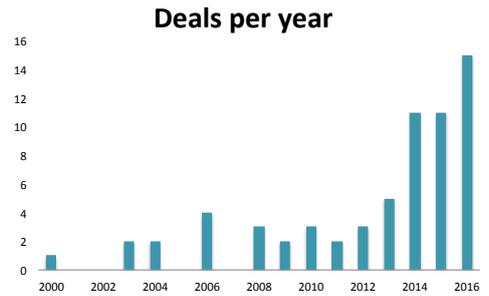
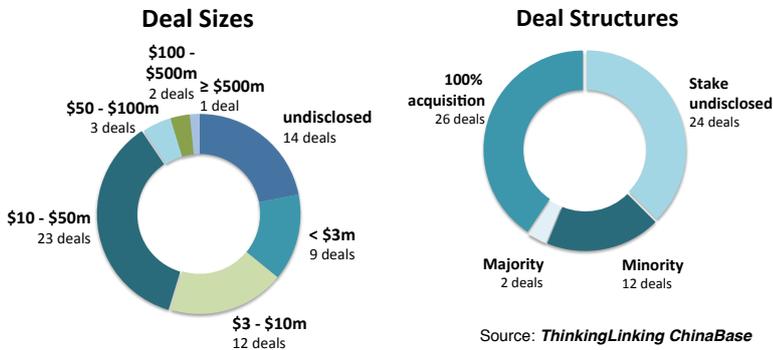
Source: *ThinkingLinking ChinaBase*



Source: *ThinkingLinking ChinaBase*

# Biotech

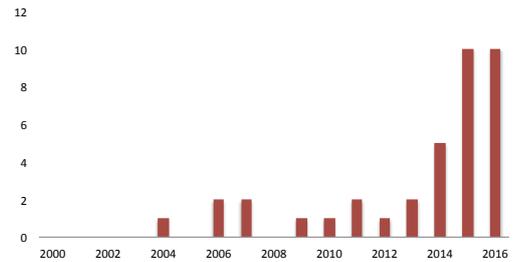
at a glance



# Diagnosics

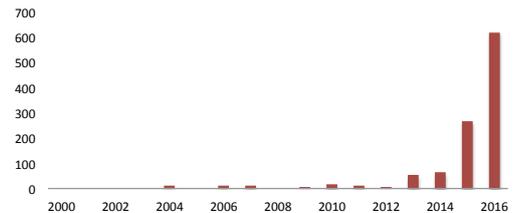
at a glance

## Deals per year



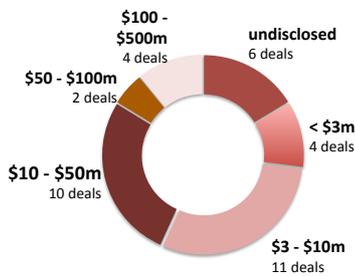
## Value per year

\$m

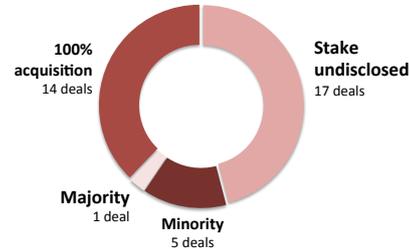


Source: ThinkingLinking ChinaBase

## Deal Sizes



## Deal Structures



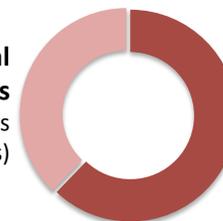
Source: ThinkingLinking ChinaBase



Source: ThinkingLinking ChinaBase

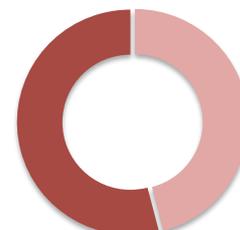
## Hunter Type

**Financial investors**  
10 investors  
(14 deals)



**Strategic investors**  
15 investors  
(23 deals)

**Private companies**  
20 deals

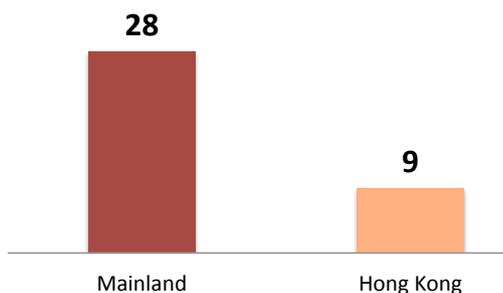


**Listed companies**  
17 deals

Source: ThinkingLinking ChinaBase

## Where they come from

Source of deals

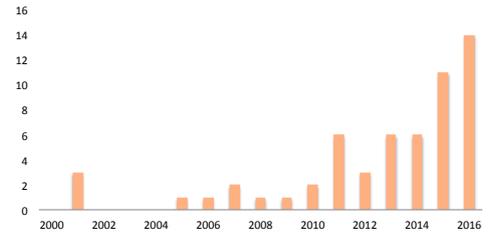


Source: ThinkingLinking ChinaBase

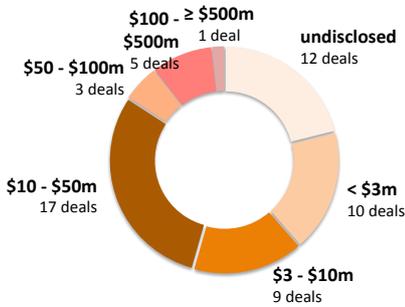
# Medtech

at a glance

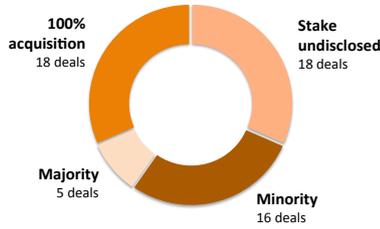
## Deals per year



## Deal sizes

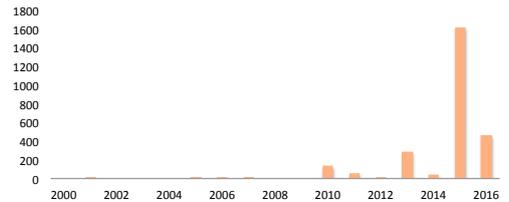


## Deal Structures

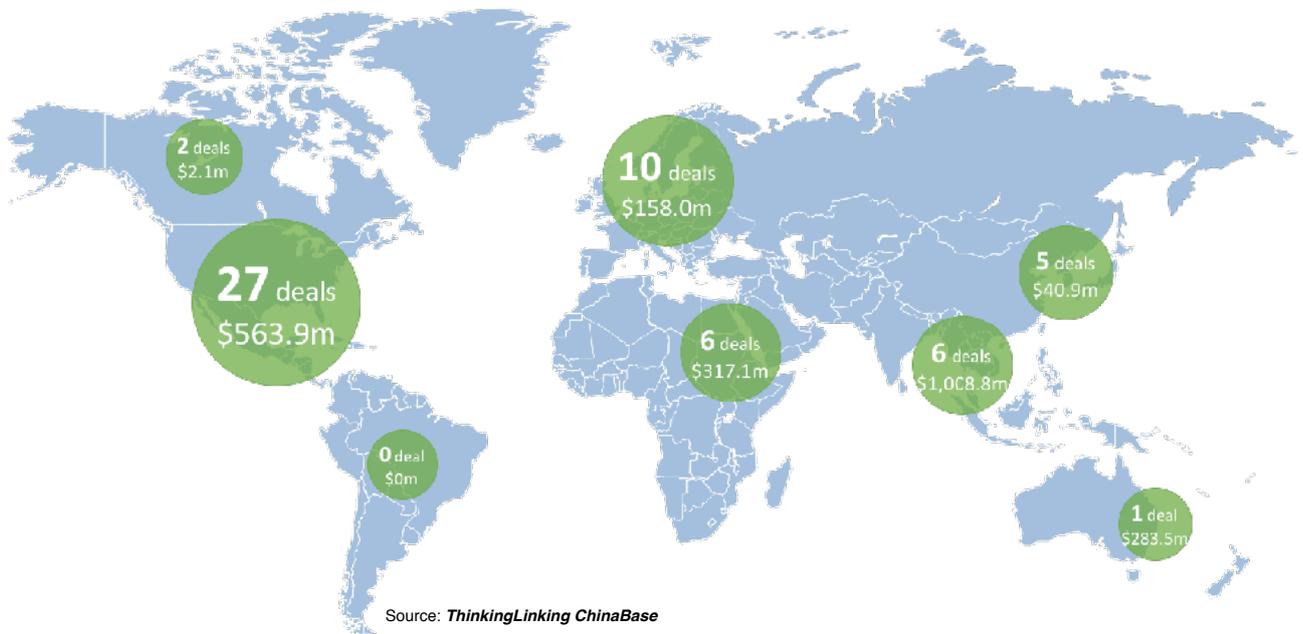


Source: *ThinkingLinking ChinaBase*

## Value per year \$m



Source: *ThinkingLinking ChinaBase*

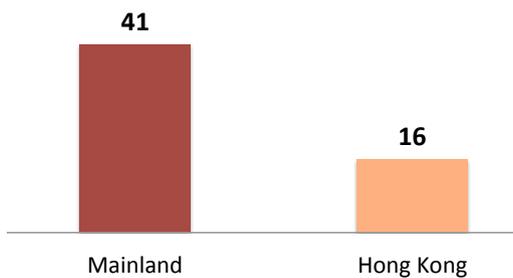


Source: *ThinkingLinking ChinaBase*

## Hunter Type

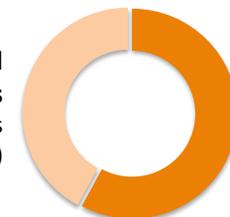
### Where they come from

Source of deals



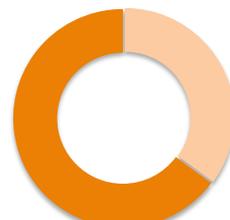
Source: *ThinkingLinking ChinaBase*

**Financial investors**  
21 investors  
(24 deals)



**Strategic investors**  
30 investors  
(33 deals)

**Private companies**  
37 deals



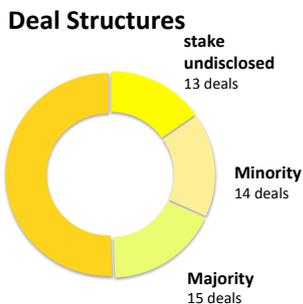
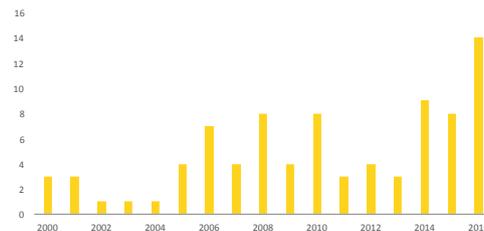
**Listed companies**  
20 deals

Source: *ThinkingLinking ChinaBase*

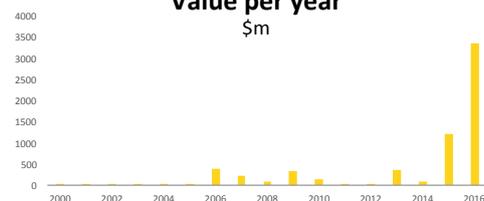
# Pharma

at a glance

Deals per year

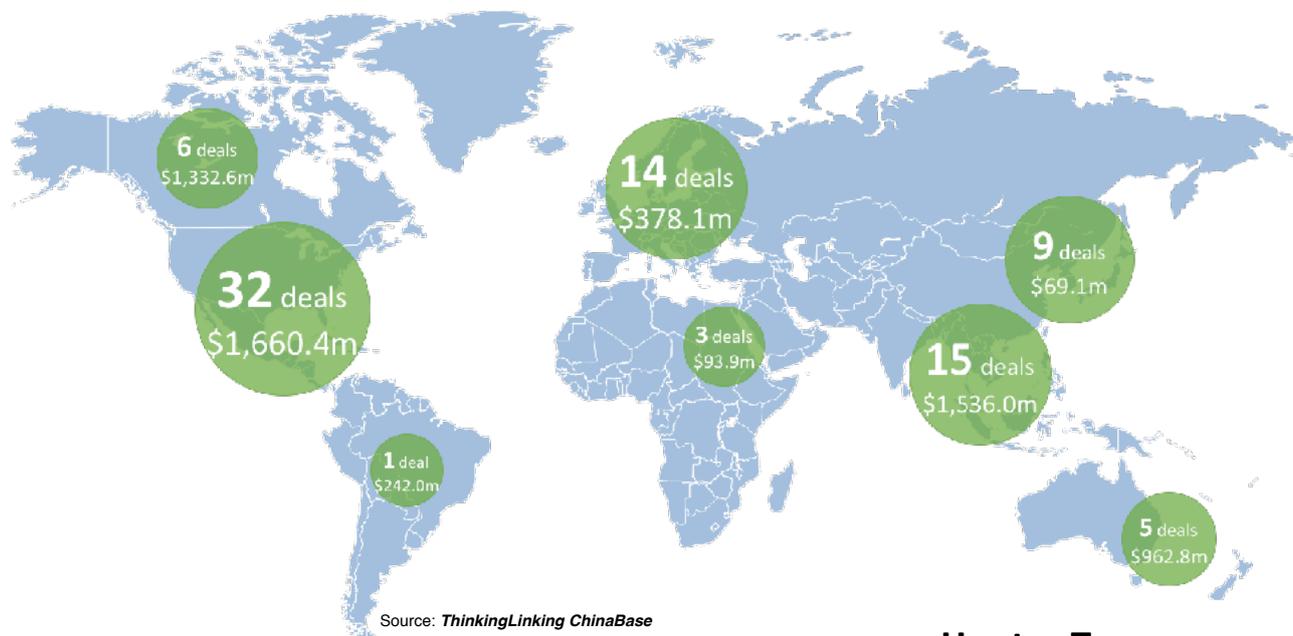


Value per year \$m



Source: ThinkingLinking ChinaBase

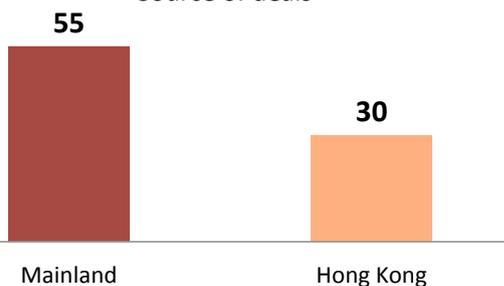
Source: ThinkingLinking ChinaBase



Source: ThinkingLinking ChinaBase

Where they come from

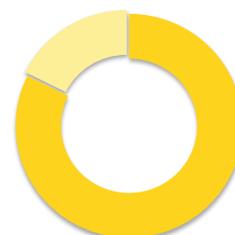
Source of deals



Source: ThinkingLinking ChinaBase

Hunter Type

Financial investors  
11 investors  
(15 deals)



Strategic investors  
55 investors  
(70 deals)

Private companies  
41 deals



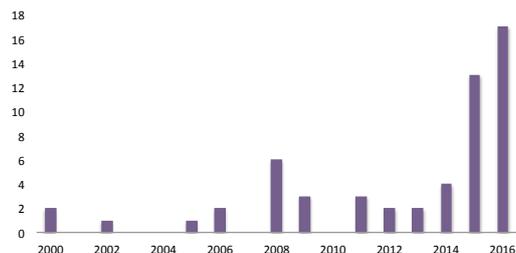
Listed companies  
44 deals

Source: ThinkingLinking ChinaBase

# Services

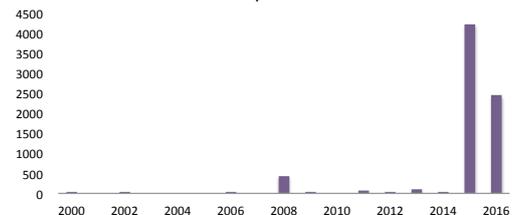
at a glance

## Deals per year



## Value per year

\$m

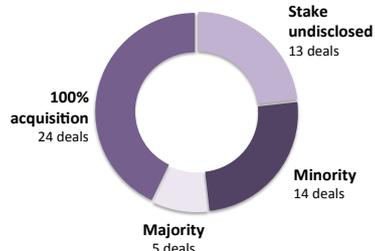


Source: ThinkingLinking ChinaBase

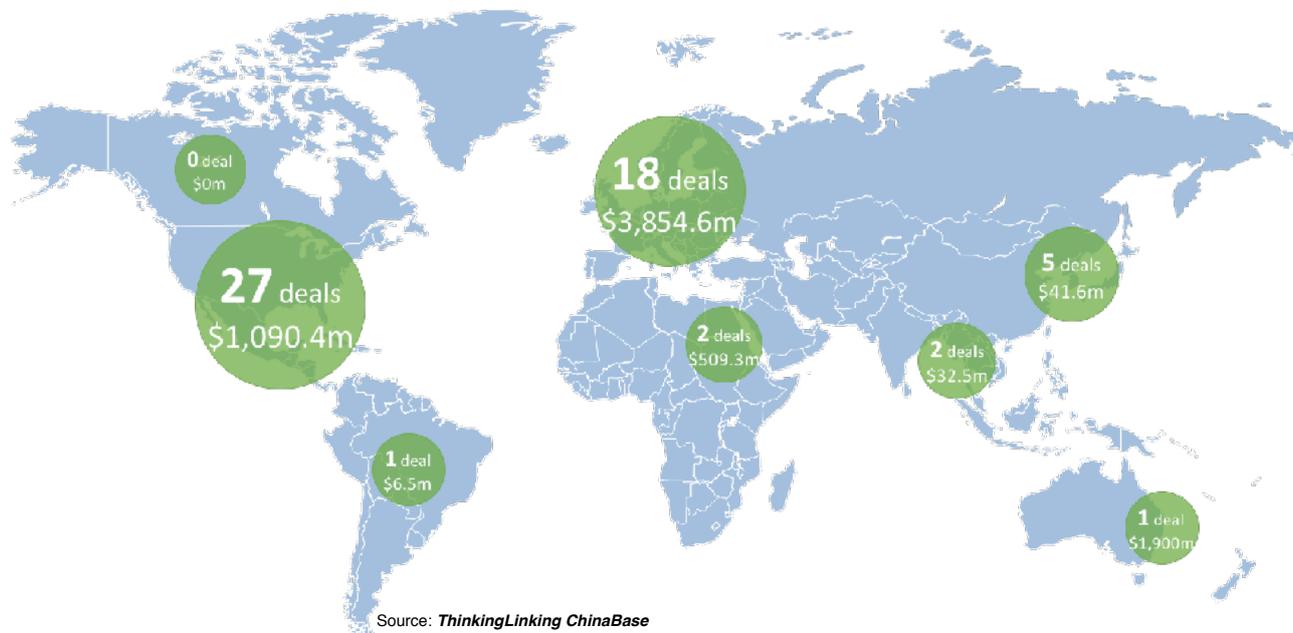
## Deal Sizes



## Deal Structures



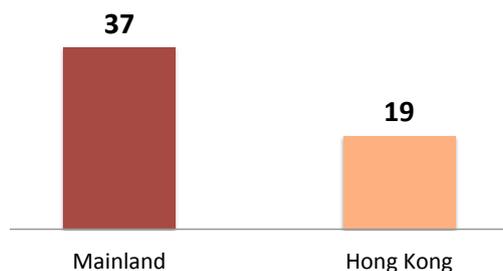
Source: ThinkingLinking ChinaBase



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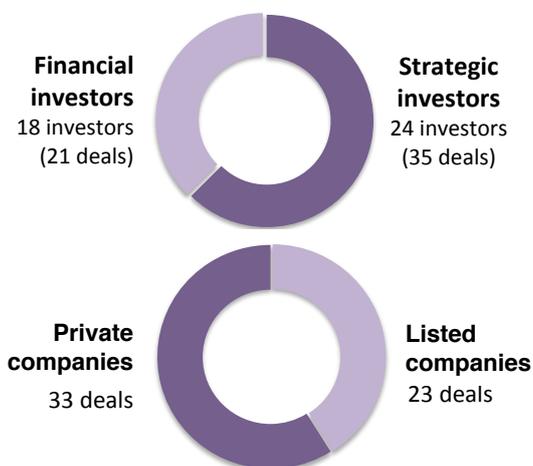
## Where they come from

Source of deals



Source: ThinkingLinking ChinaBase

## Hunter Type

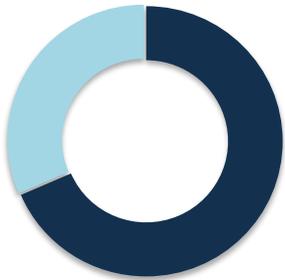


Source: ThinkingLinking ChinaBase

# Who are the Hunters?

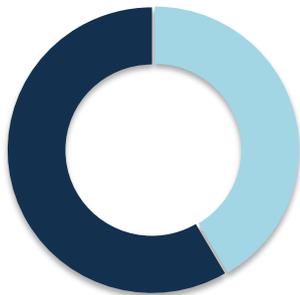
## Hunter Type

**Financial Investors**  
77 investors  
(97 deals)



**Strategic Investors**  
161 investors  
(211 deals)

**Private companies**  
180 deals

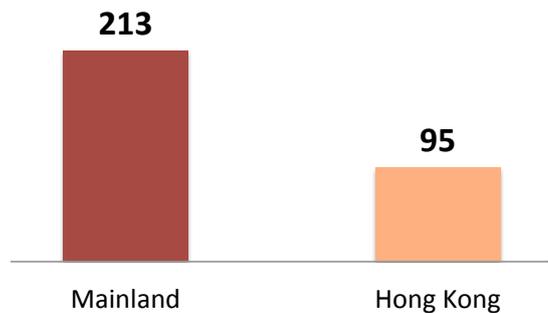


**Listed companies**  
128 deals

Source: *ThinkingLinking ChinaBase*

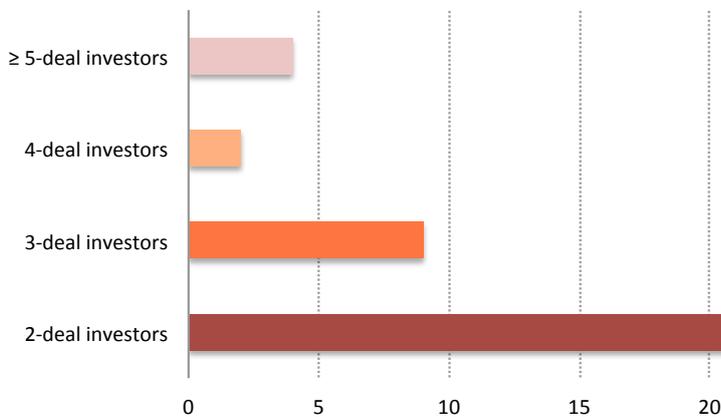
## Where they come from

Source of deals



Source: *ThinkingLinking ChinaBase*

## Multiple Hunters



Source: *ThinkingLinking ChinaBase*

# The A to Z...

Acquirer	Mainland/ Hong Kong	Listd/ Private	Target	Nation	Strategic/ Financial	Deal size (\$m)	% acqd		
<b>3E Bioventures</b>	Mainland	Private	Profusa, Inc.	US	Strategic	13.0	stake		●
<b>3SBio Inc.</b>	Mainland	Listed	EnzymeRx, LLC - R&D Related Assets	US	Strategic	74.0	100.0%	●	
			Sirton Pharmaceuticals SpA	Italy	Strategic	N/A	100.0%		●
			Zhejiang Wansheng Pharma. Co., Ltd.	US	Strategic	82.0	100.0%		●
			Faron Pharmaceuticals, Ltd.	Finland	Financial	8.0	stake		●
<b>Able Leader Holdings Ltd</b>	Hong Kong	Private	Hironic Co Ltd	Korea	Financial	2.8	7.7%		●
<b>Ahead Global Investments, Ltd.</b>	Mainland	Private	Medirox AB	Sweden	Financial	N/A	100.0%	●	
<b>AIF Capital Limited</b>	Hong Kong	Private	Bioplus Life Sciences Pvt Ltd	India	Financial	31.0	12.0%		●
			Famy Care Ltd	India	Financial	40.0	10.0%		●
<b>Ally Bridge Group Hong Kong Ltd</b>	Hong Kong	Private	Cold Genesys Inc	US	Financial	13.6	stake	●	
<b>AMCO United Holding Limited</b>	Hong Kong	Listed	Cambridge Endoscopic Devices, Inc.	US	Strategic	N/A	51.0%		●
			Medical Research Institute	Germany	Strategic	1.2	100.0%		●
<b>American Oriental Bioengineering, Inc.</b>	Mainland	Listed	Aoxing Pharmaceutical Company, Inc.	US	Strategic	18.0	stake		●
<b>Andon Health Co Ltd</b>	Mainland	Listed	eDevice SA/France	France	Strategic	103.8	100.0%		●
<b>Ascentage Pharma Group Corporation</b>	Mainland	Private	UNITY Biotechnology	US	Strategic	N/A	100.0%	●	
<b>Authosis Ventures</b>	Hong Kong	Private	Solus Biosystems, Inc.	US	Financial	N/A	stake		●
<b>Autumn Eagle Limited</b>	Mainland	Private	Biosensors International Group Ltd.	Singapore	Financial	134.2	18.2%		●
<b>BBI Life Sciences Corporation</b>	Mainland	Listed	Bionics Co., Ltd.	South Korea	Strategic	2.7	100.0%	●	
<b>Beijing Bohui Innovation Technology Co., Ltd.</b>	Mainland	Listed	Advion, Inc.	US	Strategic	28.0	stake	●	
<b>Beijing Tide Pharm Co Ltd</b>	Mainland	Private	LTT Bio-Pharma Co Ltd	Japan	Strategic	2.1	19.2%		●
			Mebiopharm Co Ltd	Japan	Strategic	3.6	10.0%		●
<b>Beijing Tong Ren Tang Chinese</b>	Hong Kong	Listed	Beijing Tong Ren Tang Canada	Canada	Strategic	N/A	51.0%		●
			Beijing Tong Ren Tang Indo PT	Indonesia	Strategic	N/A	50.0%		●
			Peking Tongrentang(M)Sdn Bhd	Malaysia	Strategic	N/A	51.0%		●
			Nihon Seiyaku Kogyo Company Ltd.	Japan	Strategic	7.5	70.0%		●
<b>Biostime International Holdings Limited</b>	Mainland	Listed	Swisse Wellness Group Pty Ltd	US	Strategic	N/A	100.0%		●

Source: *ThinkingLinking ChinaBase*

# ...Chinese Hunters

Acquirer	Mainland/ Hong Kong	Listd/ Private	Target	Nation	Strategic/ Financial	Deal size (\$m)	% acqd			
<b>Bloomage BioTechnology Corporation Ltd</b>	Mainland	Listed	V Plus SA	Australia	Strategic	866.9	100.0%			
			Laboratoires VIVACY SAS	Luxembourg	Strategic	64.8	37.3%			
<b>Boai NKY Pharmaceuticals Ltd</b>	Mainland	Listed	NeoDynamics AB	Sweden	Strategic	2.7	100.0%			
<b>BRV Lotus I Ltd</b>	Hong Kong	Private	St Pharm Co Ltd	South Korea	Financial	14.9	8.6%			
<b>BVCF (formally BioVeda China Fund)</b>	Mainland	Private	ExploraMed NC6 Inc	US	Financial	N/A	100.0%			
			Jaguar Animal Health, Inc.	US	Financial	2.0	stake			
			DiaCarta, Inc.	US	Financial	8.0	stake			
<b>Cathay Fortune International Company Ltd</b>	Hong Kong	Private	Epigenomics Ag	Germany	Strategic	2.3	2.2%			
<b>CE Ventures</b>	Mainland	Private	Dia Cardio, Ltd.	Israel	Financial	2.0	stake			
<b>Changchun High &amp; New Technology Industries (Group) Inc.</b>	Mainland	Listed	Mucosis BV	Netherlands	Strategic	9.6	25.0%			
<b>Chief Respect Ltd</b>	Hong Kong	Private	Dragon Pharmaceutical Inc.	US	Financial	56.8	62.1%			
<b>China Animal Healthcare Ltd.</b>	Hong Kong	Listed	Evanton Pte Ltd	Singapore	Strategic	151.3	100.0%			
			Inner Mongolia Biwei Antai	Mongolia	Strategic	42.3	20.0%			
<b>China Bio-Immunity Corporation</b>	Mainland	Listed	China Bio-Immunity Corp.,	US	Strategic	N/A	100.0%			
<b>China Dasheng Biotechnology Co.</b>	Mainland	Private	Max Nutrition, Inc.	US	Strategic	N/A	100.0%			
<b>China Everbright Group</b>	Hong Kong	Private	Ambrx, Inc.	US	Financial	N/A	stake			
<b>China Health Group Inc.</b>	Mainland	Listed	Commonwealth Biotechnologies, Inc.	US	Strategic	4.16	8.4%			
<b>China Innovations Holdings Limited</b>	Hong Kong	Private	Zyoxel Limited	UK	Strategic	2.0	stake			
<b>China Materialia LLC</b>	Mainland	Private	Zipline Medical, Inc.	US	Financial	6.0	stake			

Source: *ThinkingLinking ChinaBase*

The full 50-page report is available to clients/subscribers



# Pharma Hunters

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We also publish this report in English and Mandarin:  
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## Services

- Sell side mandates
- Sale of minority/majority stakes
- Global strategic review
- Premium valuation methodology
- Counter-party synergy analysis
- Joint business planning hosting
- Buy side mandates

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