China Biotech Licensing Has Evolved…

--Witnessing the End of Bargain Basement Pricing

In Pullan's Pieces #224, April 2026

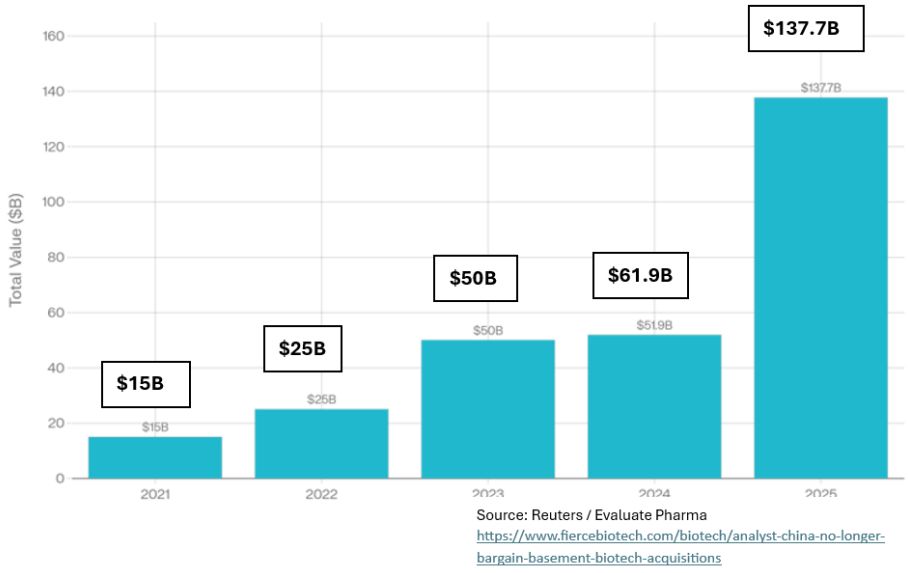
Kristine Dorward

kristine@pullanconsulting.com

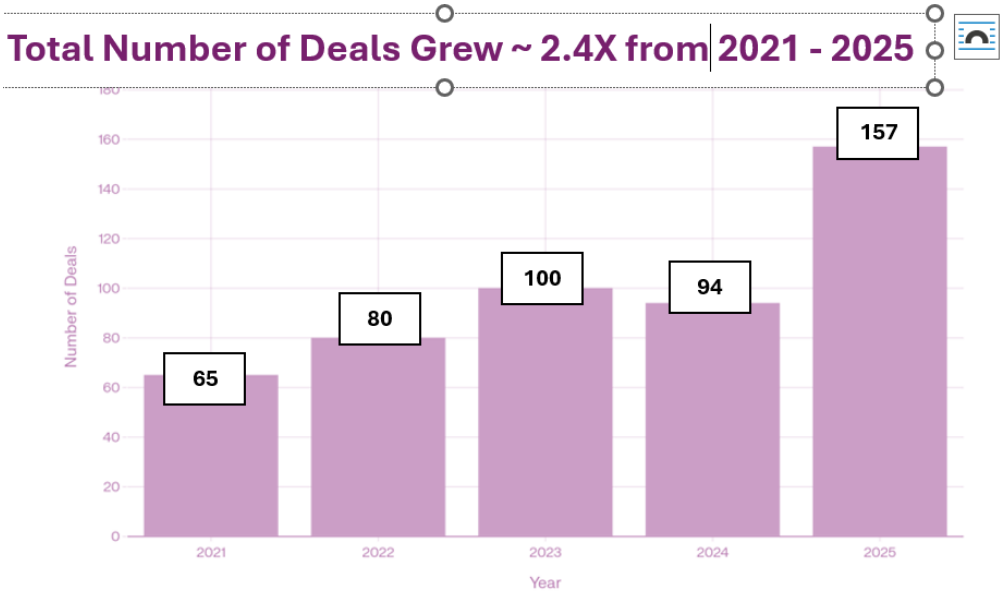
China biotech out-licensing has undergone a near-vertical trajectory in value that has just recently been recognized by industry heavy weights.

- In 2025, total out-licensing deal value from Greater China companies hit **$137.7 billion -** nearly **10x** the **2021** deal value level.

China Out-Licensing Deal Value Grew Almost 10X in 5 Years



Source: Reuters / Evaluate Pharma
https://www.fiercebiotech.com/biotech/analyst-china-no-longer-bargain-basement-biotech-acquisitions



- In early '26, 38 deals were announced in close succession, with the avg. deal size reaching **~ $1.3B**, a 76% increase over the 2025 full-year average.

- In comparison to 2021's average deal size, this early 2026 figure is more than ~ **5x greater**

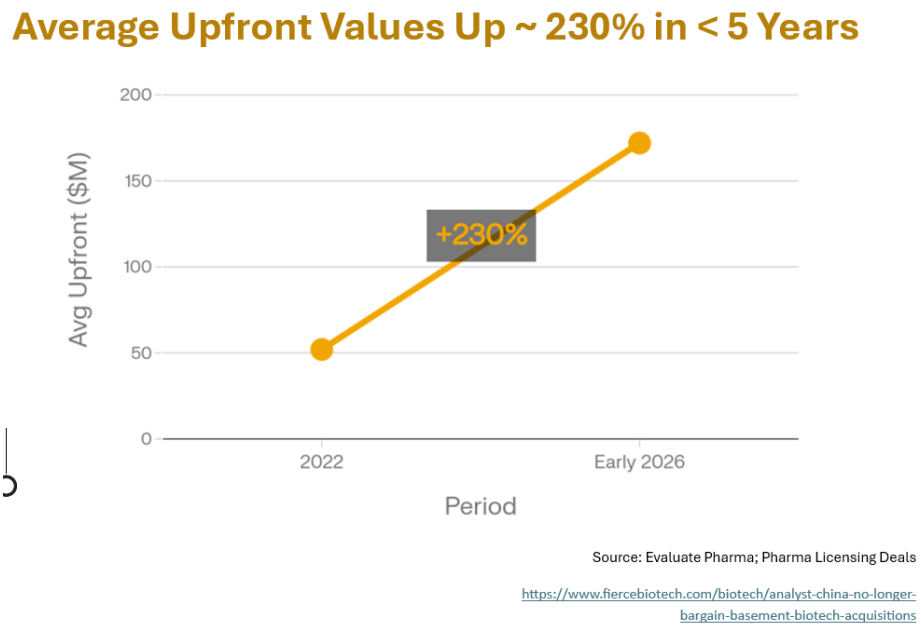
- The challenge with average deal sizes versus medians, is that mega-deals significantly skew reference averages and can therefore be misleading

- Removing the two mega-deals involving AZ/CStone & AbbVie/RemeGen, the average deal size for the first several months of '26 is comparable with that of '25, already a record year in and of itself (per table below).

And of course, the mix of deal types and stages may have changed over time as well.

Period	Avg Deal Size	Notes
2021	$0.23B	Baseline - Reference Year
2022	$0.31B	ADC surge begins
2023	$0.50B	Bispecifics emerge
2024	$0.55B	Steady growth
2025	$0.74B	Record year
All Deals for 2026 YTD	$1.30B	Incl. AZ-CSPC ($18.5B Deal) & AbbVie-RemeGen ($5.6B Deal)
Excluding Mega-Deals 2026 YTD	~$0.70B	36 remaining deals, ~$25.3B Total

By the end of February 2026, total deal value for China biotech out-licensing had already exceeded $50B



Source: Evaluate Pharma; Pharma Licensing Deals

https://www.fiercebiotech.com/biotech/analyst-china-no-longer-bargain-basement-biotech-acquisitions

If we examine upfront values from 2022 - 2025 (excluding ’26 YTD data since it includes two outlier mega-deals), there was still an impressive ~ 170% increase in average upfront values

The first two months of this year have witnessed a further 22% increase in average upfront values, ’26 vs. ‘25

It is worth noting that Evaluate Pharma’s reference data set screened for cross-border deals with disclosed upfront financials, which

typically skew higher than transactions that do not include upfront values.

China Dominates ADC Industry Pipeline & ADC Cross-Border Licensing

In 2024, China's biopharma licensing deals overwhelmingly featured monoclonal antibodies (mAbs) and antibody-drug conjugates (ADCs), with the combined deal value that year reaching **$30B**

Monoclonal antibodies and ADCs out-licensed from China-based biotech represented **89%** of all molecule types, with the total deal value reaching ~ 3X that of comparable deals licensed out from the US.

Source: Global Data, Pharmaceutical Intelligence Center; https://www.pharmaceutical-technology.com/analyst-comment/china-mab-adc-licensing-trade-tensions/

Of the top 10 global R&D licensing partnerships in 2025, five of them involved China biopharma

China-Based Biopharma Comprised 5 of the top 10 Global R&D licensing Deals in 2025

Chinese Licensor	Western Licensee	Modality	Total Value
Hengrui	GSK	Small molecule (COPD)	$12.5B
CSPC	AstraZeneca	ADC pipeline	$5.3B
Akeso	Summit	Bispecific (PD-1 x VEGF)	$5.0B
Kelun-Biotech	Merck	ADC candidates	$1.4B+
RemeGen	AbbVie	Bispecific	$5.6B

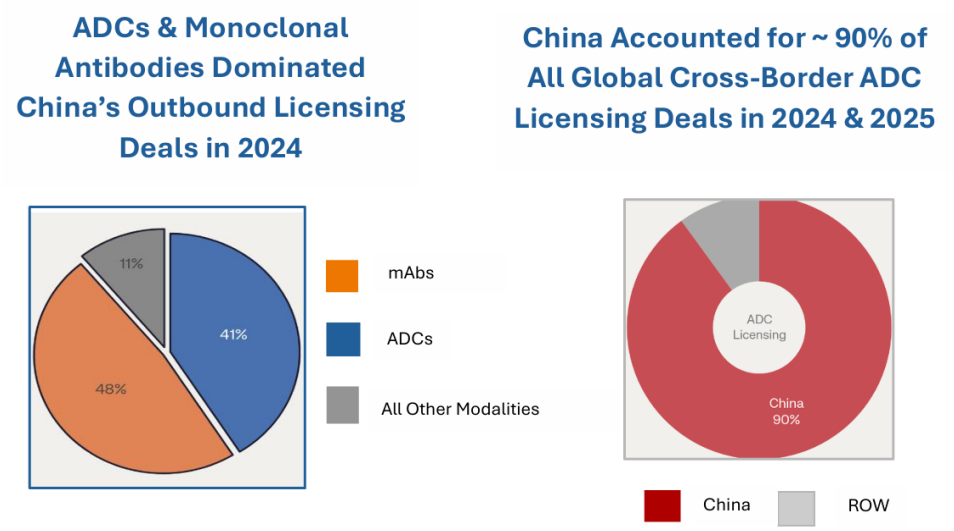
- The primary impetus of the GSK-Hengrui transaction revolved around the phase 1, small molecule PDE3/PDE4 inhibitor for

COPD. The deal also included 11 option assets, for which the specific modalities, indications and stages of development were not disclosed.

- Novartis extended its previously existing partnership with China-based Argo in 2025. The expanded collaboration involves 4 siRNA programs, focused on dyslipidemia and cardiovascular diseases. This agreement included an option for Argo's Phase 2 asset as well as two discovery stage assets and one in IND-enabling stage. Novartis paid **US$160M upfront** and committed up to **US$5.2B** in milestone payments.

- Braveheart Bio announced its transaction with Hengrui Pharma in September 2025, for Hengrui's Phase III small molecule HRS-1893 to treat hypertrophic cardiomyopathy. Braveheart paid **$65M total upfront**, which was paid as $32.5M in cash and $32.5M in Braveheart's equity. The deal includes a near-term milestone of $10M upon completion of technology transfer. The deal is worth a total of **$1.013B** when factoring in all development, regulatory and commercial milestones. Royalties also apply on net sales outside of Greater China.

These three landmark China-outbound licensing transactions demonstrate that China's innovation now extends into therapeutic areas such as respiratory, cardiovascular and cardiometabolic indications, producing sought-after assets beyond oncology



Neuroscience Is A Therapeutic Area Generally Absent from China Out-Licensing Activity

Research for this report suggests there are few disclosed, large-value cross-border licensing deals involving neuroscience assets, when considering major databases and market reports from GlobalData, Evaluate, IQVIA, and PharmCube

Several reasons likely explain this phenomenon:

- CNS assets with Phase 2 proof-of-concept data are prioritized by MNCs; China's biotech pipelines are relatively devoid of de-risked CNS drug candidates

- Validated, biomarker-driven CNS programs that provide clear patient stratification are uncommon amongst China biotech

- Global pharma's strong appetite for China-developed assets is largely driven by the efficiencies generated through reduced development costs and faster speed to clinic. These prominent advantages seen with oncology trials are less robust and less certain with CNS trial design

A notable exception to the above, is the licensing deal announced April 21st by Tortugas Neuroscience, involving clinical stage assets developed by Hansoh Pharmaceutical. Tortugas is a neurology-focused start-up that has secured rights to Hansoh's Phase 2 GABA receptor positive allosteric modulator as well as its D2/D3 partial agonist, 5HT2A antagonist, also in Phase 2.

Rare Disease Licensing Is Another Remarkably Sparse Domain

Global pharma companies such as Sanofi, Takeda, Daiichi Sankyo and Biomarin have been pursuing NMPA approvals for their own rare disease assets

In 2025, NMPA approved ~ 35 MNC-discovered rare disease drugs via priority review pathways

There are several cross-border licensing deals with oncology assets that have been granted orphan drug designation.

These assets have been advanced for large market, solid tumor indications but do offer potential application in rare tumor types

- AstraZeneca licensed Jacobio's pan-KRAS inhibitor for markets excluding Greater China, paying **$100M upfront** and up to **$1.92B** in development and commercial milestones as well as tiered royalties on net sales

- Zenas Biopharma secured access to InnoCare's BTK inhibitor orelabrutinib, which has received orphan drug designation for Waldenstrom's Macroglobulinemia. The deal value, however, was primarily driven by its market growth potential for treatment of B-Cell malignancies. This transaction is worth a potential $2B total, involving global rights, excluding Greater China.

Historically, the National Reimbursement Drug Listing mandate has imposed a price ceiling on rare disease drugs that caps revenue potential and thereby disincentivizes development in China.

Important Regulatory Developments in Rare Disease Will Positively Impact Future Cross-Border Licensing

Key orphan drug provisions included in the revised regulatory guidance announced in January 2026 and scheduled to take effect in China, in May 2026 are noted below

Official introduction of market exclusivity for orphan drugs in China, closes the exclusivity protection gap that has long existed with the US & EU

- 7-year market exclusivity for eligible orphan/rare disease drug treatments; during this period, NMPA will not approve identical competing products

- 2-year market exclusivity for eligible pediatric medicines

- Up to 6 years of Regulatory Data Protection (RDP) for new chemical entities, providing a separate layer of data exclusivity

- Accelerated Pathways for Rare Diseases & compressed review timelines for rare disease drugs already marketed overseas

- Acceptance of overseas clinical data for China registration

Key-Takeaways Regarding China Out-Licensing Activity

- The era of low pricing and discounted deal valuations for quality assets is now over; we have begun a new chapter in the story of China cross-border licensing

- Retaining rights for Greater China is now the norm, not the exception

- Oncology assets, particularly ADCs and biologics have dominated headlines for China out-licensing transactions

- Neuroscience remains a therapeutic area white space in China biotech pipelines, hence the rarity of cross-border neuroscience transactions is not surprising

- Rare disease therapeutics may provide compelling licensing opportunities by 2028 – 2030, given the robust new regulatory incentives coming into effect next month

- Platform access and multi-asset deals will become abundant going forward, as evidenced by the GSK/Hengrui deal for up to 12 assets and the AbbVie/CSPC partnership that provides AbbVie with access to AI molecular design capabilities as well as novel dosing technology

Please Note: There may be considerable variation in licensing transaction volume and value cited from different industry research reports and databases, depending upon inclusion/exclusion parameters used to derive reference sets.