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Ben Zercher
Senior Research Analyst,
Biotech & Pharma
ben.zercher@pitchbook.com

pbinstitutionalresearch@pitchbook.com

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EMERGING TECH RESEARCH

The Chinese Biopharma Landscape: Where New Assets Are Born

Understanding Chinese progress and how 2026 could redefine global competition

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- China's biopharma sector is entering a more mature phase characterized by increasing self-sufficiency, as domestic funding, in-house capabilities, and internally generated innovation increasingly support development and commercialization.
- As evidenced by the recent influx of Big Pharma licensing deals, China has gained the lead in early-stage asset generation. This advantage will likely persist as early-stage assets remain underfunded in other biopharma markets such as the US.
- China's outlicensing market will likely remain active in 2026, with deal flow broadening beyond oncology antibodies and into obesity programs, CGT, and targeted delivery platforms.
- Well-capitalized private Chinese biopharma startups continue to emerge with high-impact programs across different treatment modalities.
- Nondomestic VC has meaningfully pulled back from Chinese biopharma, but increased domestic funding—both public and private—has reinforced a shift toward a more self-reliant ecosystem.
- Licensing, company formation, and embedded R&D operations increasingly reflect bidirectional integration with global biopharma that is threatened by geopolitical friction.
- US restrictions such as the BIOSECURE Act are more likely to disrupt US biopharma innovation by constraining access to cost-efficient development, manufacturing, and increasingly reliable regulatory infrastructure than meaningfully slow China's progress.

Internal dynamics of China's biopharma landscape

Public policy as a catalyst for innovation

China's biopharma sector has reshaped itself around next-generation therapeutics paired with efficient clinical-trial infrastructure.

China's biopharma ecosystem is increasingly defined by its growing role as a global engine for early-stage asset generation. Long viewed primarily as a generics powerhouse, China's biopharma sector has reshaped itself around next-generation therapeutics paired with efficient clinical-trial infrastructure to de-risk these assets. The roots of this transformation trace back to the 1980s, when Project 863, a national research & development (R&D) initiative, sought to accelerate China's capabilities in strategically important areas such as biotechnology.[1] Project 863 focused on capability catch-ups, lessening China's reliance on nondomestic pharmaceutical markets by increasing its manufacturing capacity, laying the groundwork for a large-scale generics industry in China. More recent five-year plans have shifted the focus to original research, formally designating biotechnology as a strategic emerging industry supported by regulatory reform, increased R&D investment, and advancements in clinical-trial efficiency. And China is beginning to reap the rewards: From 2019 to 2023, Investigational New Drug (IND) applications for "innovative drugs" increased from 688 to 2,298.[2]

China's progress is not only in foundational research but also in the clinical-trial infrastructure that validates it. China has adopted international standards to legitimize its clinical-trial infrastructure while simultaneously advancing national initiatives to expedite studies by opening new trial sites and creating new review processes.[3] These initiatives are paying off, as a common industry benchmark estimates that companies can save 12 to 18 months by initiating first-in-human trials in China rather than the US.[4] These reforms and the large patient populations accessible to Chinese trial sites lay the groundwork for validating and advancing innovative technology.

In recent years, bispecific and multispecific antibodies, which can simultaneously bind two or more biological targets to increase selectivity for diseased cells or block multiple disease pathways, have emerged as an exciting therapeutic option in oncology and immunology. Similarly, antibody-drug conjugates (ADCs) exploit targeted antibody binding to deliver a conjugated drug payload to diseased cells while minimizing systemic exposure. A recent Nature Reviews Drug Discovery analysis found that since 2021, Chinese companies registered nearly twice as many first-in-human trials for next-generation antibody programs as the US and Europe combined,[5] highlighting their growing role in this space. China's innovation push extends beyond antibodies and into cell and gene therapy (CGT). The approval of the country's first domestically developed chimeric antigen receptor T-cell (CAR-T) therapy in 2021 was followed by multiple CAR-T launches, establishing critical manufacturing and

1: "The Impact of China's Policies on Global Biopharmaceutical Industry Innovation," Information Technology & Innovation Foundation, Robert D. Atkinson, September 8, 2020.
2: "Current Landscape of Innovative Drug Development and Regulatory Support in China," Nature, Signal Transduction and Targeted Therapy, Ruirong Tan, et al., July 22, 2025.
3: Ibid.
4: "Accelerating US Oncology Drug Development Using Chinese First-in-Human Data," OncLive, Evan S. Wu, MD, Ph.D., July 22, 2025.
5: "Innovative Antibody Therapeutic Development in China Compared With the USA and Europe," Nature Reviews Drug Discovery, Silvia Crescioli and Janice M. Reichert, November 7, 2025.

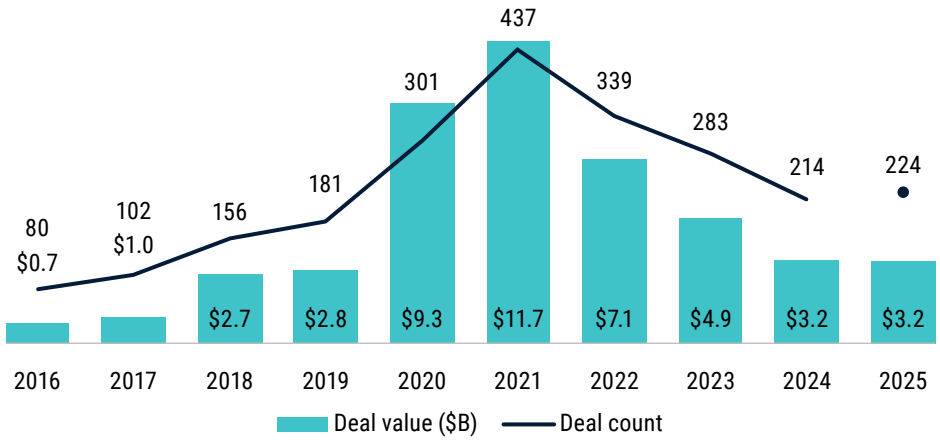
regulatory infrastructure. Growing capabilities across vector design, cell engineering, manufacturing, and regulatory execution are coalescing into a reusable CGT tool kit that can be deployed across future programs.

China is emerging as a global leader in AI-driven drug discovery, building on its strengths in next-generation biomolecules and CGT. Fueling this momentum are advances in foundational AI models such as DeepSeek, which are increasingly oriented toward biological and drug-discovery use cases. Patent activity reflects this effort, with Chinese entities filing roughly six times as many generative AI patents as US entities from 2014 to 2023, with more than 1,000 focused on drug discovery in 2024.[6] At the company level, XtalPi exemplifies the cutting edge, combining advanced AI algorithms with massive robotic wet labs to generate millions of digital molecules that are then synthesized robotically. Although XtalPi is still navigating its integration into established drug development workflows, high-profile deals indicate positive sentiment for the company's approach. Together, these developments suggest growing confidence in AI as a scalable component to China's broader therapeutic innovation engine.

Private capital trends: More insulated, more innovative

VC funding in China has mirrored broader sector trends: A surge in 2021, fueled by capital misallocations, was followed by a sharp contraction.

Biopharma VC deal activity

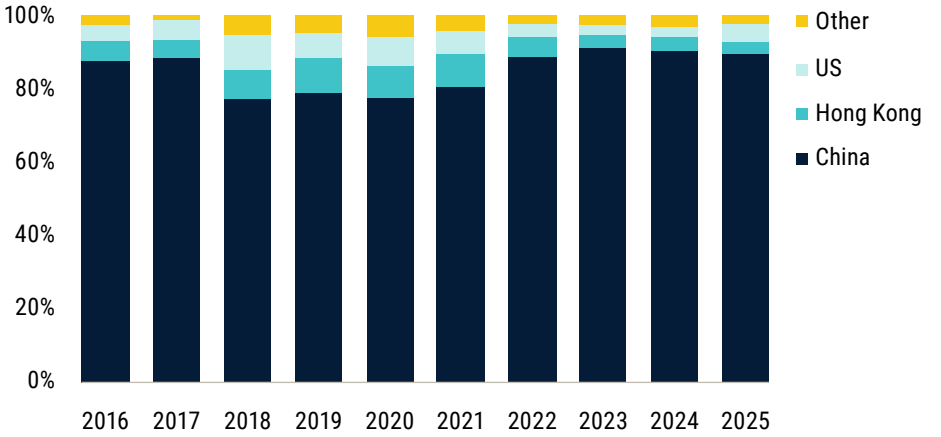


Source: PitchBook • Geography: China • As of December 9, 2025

2024 appears to mark the investment trough, with 2025 data through early December indicating a modest rebound as deal value and deal count match or exceed the prior year's totals. While overall funding remains subdued, this pattern aligns with global and regional biopharma trends, suggesting that China's biopharma slowdown reflects broader market dynamics rather than a domestic crisis. Despite this challenging environment, the sector continues to lay the groundwork for next-generation innovation.

6: "China Leads in AI-Driven Drug Discovery Patents, Signaling Pharmaceutical Innovation Boom," DrugPatentWatch, July 20, 2025.

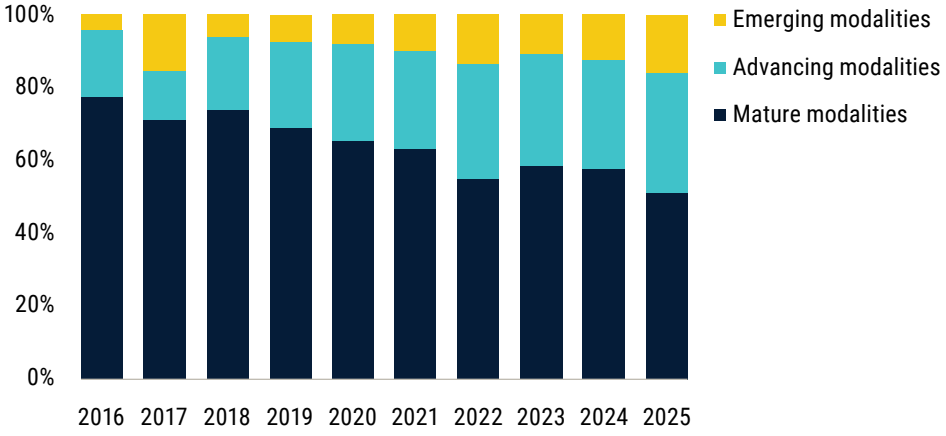
Share of biopharma VC deal count by investor location



Source: PitchBook • Geography: China • As of December 9, 2025

As aggregate Chinese biopharma VC funding has declined, its composition has shifted meaningfully. After rising participation from 2018 to 2020, international investors have sharply retreated, likely driven by a combination of geopolitical caution and a shift toward high-yield, short-cycle opportunities in AI. This reweighting in domestic capital is not unique to biopharma but part of a broader recalibration across China's private capital markets, as detailed in PitchBook's 2025 Greater China Private Capital Breakdown. The retreat of international investors has accelerated China's long-term pivot toward self-sufficiency in innovation financing.

Share of biopharma VC deal count by segment



Source: PitchBook • Geography: China • As of December 9, 2025

Another defining shift in the Chinese biopharma venture landscape is the pivot toward next-generation therapeutics. Using PitchBook's classification of mature, advancing, and emerging modalities, VC activity shows a steady displacement of legacy pipelines. Since 2016, advancing and emerging modalities (which include CGT and nucleic-acid-based assets, among others) have consistently expanded their share of deal activity, accounting for nearly 50% of deal volume in 2025.

This shift highlights investor appetite for high-complexity assets over "fast-follower" models. While small-molecule development retained the highest absolute funding by subsegment, it experienced the most significant YoY contraction in trailing 12-month (TTM) capital commitments from Q3 2024 to Q3 2025. In contrast, TTM deal value growth in nucleic-acid and antibody-based technologies signals a fundamental reallocation of capital toward modalities with greater global licensing potential.

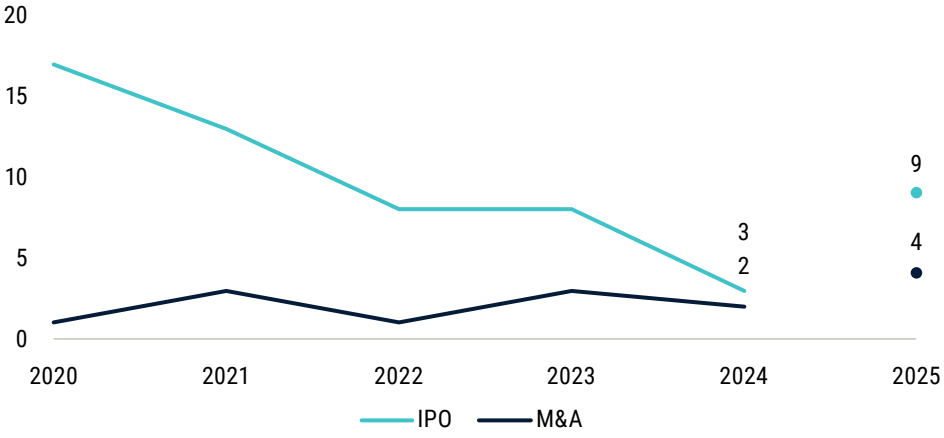
TTM biopharma VC deal value ($M) by subsegment

Segment	Subsegment	Q3 2024 TTM deal value	Q3 2025 TTM deal value	YoY difference
Advancing	Nucleic acid	$297.0	$513.5	$216.5
Advancing	Antibodies & ADCs	$385.1	$564.7	$179.6
Advancing	CGT	$315.9	$353.5	$37.6
Emerging	Stem cell therapy	$57.1	$466.5	$409.4
Mature	Protein-based	$282.4	$200.4	-$82.0
Mature	Vaccines	$221.1	$50.7	-$170.4
Mature	Small molecules	$1,479.4	$1,110.0	-$369.4

Source: PitchBook • Geography: China • As of December 9, 2025

Note: Modalities with Q3 2025 TTM deal value under $20 million are excluded. Some current PitchBook biopharma subsegments were combined for simplicity: "Antibody-based" and "conjugates" were combined as "antibodies & ADCs," and "small molecules" and "small molecules & biologics" were combined as "small molecules."

Biopharma VC exit count by type



Source: PitchBook • Geography: China • As of December 9, 2025

Note: There were no SPAC or LBO/buyout exits in this time period, so only IPO and M&A exits are shown.

Like VC funding, exit activity in the Chinese biopharma sector has remained constrained, with IPO volumes declining sharply since 2021. However, it is worth noting the successes within this decline. Kelun-Biotech has appreciated 5x since going public on the Hong Kong Stock Exchange in 2023, owing to positive sentiment around its proprietary ADC and advanced-biologics pipeline. Next-generation antibody developers Qyuns Therapeutics and DualityBio also had strong public debuts in the past two years, while LaNova Medicines was acquired by domestic giant Sino Biopharm.

These outcomes suggest that China's more insulated and constrained VC environment is reinforcing selectivity in innovative technologies. Capital has concentrated around

differentiated science with clear global relevance. Together, the 2025 exit rebound, the recent Hang Seng Biotech Index bull run, and the success of recent issuers point to a meaningfully reopened Chinese biopharma IPO window in 2026.

Notable private Chinese biopharma companies

Against this backdrop, a new cohort of private Chinese biopharma companies is emerging as an increasingly important part of the global innovation pipeline. These companies combine advanced clinical programs with differentiated modalities and have already secured a growing number of partnerships with Western biopharma companies. For US-based investors and acquirers, this cohort represents not only a source of licensing and M&A opportunities but also a rising set of competitors shaping asset availability, valuation benchmarks, and deal dynamics across global biopharma markets. Below is a list of notable private Chinese biopharma companies; this list is not exhaustive but highlights some key companies that have engaged in high-profile Big Pharma partnerships or are actively pursuing them. PitchBook clients can find a more comprehensive list of private Chinese biopharma companies on the PitchBook Platform.

Notable private biopharma companies

Innovation cluster	Company	Subsegment	Therapeutic area	Lead asset	Clinical phase	Key partner(s)
RNA-based therapeutics	Argo Biopharma	Nucleic acid	Metabolic/ cardiovascular (CV)	BW-01/BW-02	Phase 2	Novartis
	SanegeneBio	Nucleic acid	Metabolic/CV	SGB-9768	Phase 1/2	Eli Lilly
	Ribo Life Science	Nucleic acid	Metabolic/CV	RBD4059	Phase 2	Boehringer Ingelheim
	AbogenBio	Nucleic acid	Oncology/infectious disease (ID)	ABO2102	Phase 1	None ($1.1B raised)
Precision oncology	D3 Bio	Small molecules & biologics	Oncology	D3S-001	Phase 2	N/A
	Avistone Biotechnology	Small molecules	Oncology	Vebreltinib	Approved	Apollomics
	Simcere Zaiming	Antibodies & ADCs	Oncology	SIM0500	Phase 1	AbbVie, Ipsen, NextCure
	Allink Biotherapeutics	Antibodies & ADCs	Oncology	ALK201/ ALK202	Phase 1	N/A
	MediLink Therapeutics	ADCs	Oncology	YL201	Phase 3	Roche, BioNTech
Metabolic disease	Raynovent	GIP/GLP-1 agonist	Metabolic (Type 2 diabetes)	RAY-1225	Phase 3	Zhongsheng Pharma
	Sciwind Biosciences	GIP/GLP-1 agonist	Metabolic (Type 2 diabetes)	Ecnoglutide	Phase 3	Verdiva Bio
	Argo Biopharma	N/A	N/A	N/A	N/A	N/A
	SanegeneBio	N/A	N/A	N/A	N/A	N/A

Source: PitchBook • Geography: China • As of December 9, 2025

Notable private biopharma companies (continued)

Innovation cluster	Company	Subsegment	Therapeutic area	Lead asset	Clinical phase	Key partner(s)
Emerging biology platforms	Belief BioMed	CGT	Rare (hemophilia B)	BBM-H901	Approved (NMPA)	Takeda (Commercial)
	Epigenic	CGT	Infectious (hepatitis B)	EPI-003	Phase 1	Bayer (Bayer Co.Lab)
	Zhiyi Biotechnology	Microbiome & phage	GI (IBS-D)	SK08	Phase 3	N/A
	Sironax	Small molecules	Neurodegeneration	SIR2501	Phase 1/2	Novartis
	Magpie Pharmaceuticals	Small molecules	CNS (ALS/stroke)	TBN	Phase 3	N/A

Source: PitchBook • Geography: China • As of December 9, 2025

RNA-based therapeutics

In late 2025, China's nucleic-acid cluster shifted from a theoretical innovation hub to a primary engine for biopharma dealmaking. This inflection was validated by record-breaking 2025 transactions, most notably Argo Biopharma's $5.2 billion pact with Novartis and SanegeneBio's $1.2 billion deal with Eli Lilly. In its deal with Argo Biopharma, Novartis paid $160 million up front for rights to advance an RNAi therapeutic into Phase 2 combination trials for dyslipidemia. Meanwhile, Eli Lilly's deal centered on SanegeneBio's RNAi delivery platform, which enables targeted delivery to tissues beyond the liver, addressing a key limitation of first-generation RNA therapeutics. Both SanegeneBio and Argo Biopharma are applying RNA-based approaches to metabolic disease, expanding the therapeutic tool kit in a blockbuster indication while broadening the scope of nucleic-acid modalities.

Momentum extended beyond these headline deals. Ribo Life Science, another Chinese developer of nucleic-acid-based metabolic therapies, built on its 2024 partnership with Boehringer Ingelheim in liver disease with positive 2025 clinical readouts in dyslipidemia and thrombosis. The company's Göteborg, Sweden-based R&D center further underscores its global ambitions and international clinical strategy. Finally, AbogenBio, a recipient of frothy pandemic-era investment, showed early signs of a successful strategic pivot to oncology, receiving both Chinese and US IND clearance for a novel mRNA-based cancer vaccine. Looking ahead to 2026, we expect continued momentum as leading nucleic-acid players position themselves for high-value IPOs or M&A. Platforms enabling extrahepatic delivery and novel approaches to obesity will likely attract sustained Big Pharma interest as acquirers seek differentiation in an increasingly crowded GLP-1 space.

Precision oncology

In 2025, the precision oncology cluster solidified its role as a primary source of high-value, "global-first" assets, prioritizing mechanisms that address resistance to first-generation inhibitors. Spearheading this area are Avistone Biotechnology and D3 Bio, both of which touted promising clinical results in 2025. Avistone Biotechnology's vebreltinib received priority review in China for mesenchymal-epithelial-transition-

amplified non-small cell lung cancer (NSCLC). In the Phase 1b/2 study, vebreltinib plus andamertinib demonstrated an overall response rate of 50% in a notoriously hard-to-treat patient population. Additional clinical trials are underway to investigate new assets in metastatic solid tumors. Based in Shanghai, D3 Bio recently received a Breakthrough Therapy Designation for its asset D3S-001 for patients with KRAS-mediated NSCLC on the back of promising preclinical potency and clinical efficacy data.

China's rapid progress in next-generation ADC and multispecific antibody development has received significant attention with multiple mega-licensing deals with Big Pharma. Allink Biotherapeutics and Simcere Zaiming are emerging private firms continuing to push into this space. Allink Biotherapeutics recently inked a $47 million Series A extension to accelerate its global Phase I trials for ALK201 and ALK202, both of which target solid tumors with high precision. Simcere Zaiming, the innovative privately held operating subsidiary of Simcere Pharmaceutical, had its multispecific T-cell engager and proprietary payload approaches validated through two $1 billion deals—with AbbVie and NextCure—in 2025.

These precision oncology firms are establishing themselves as high-value M&A targets for Western majors seeking de-risked innovation.

This cluster of companies is moving beyond crowded programmed cell death protein 1 (PD-1) markets toward high-specificity assets such as next-generation ADCs designed to overcome disease resistance. By securing multiple US Food and Drug Administration (FDA) Breakthrough Therapy Designations and executing "global-first" trial designs, these firms are establishing themselves as high-value M&A targets for Western majors seeking de-risked innovation.

Metabolic disease

In late 2025, the metabolic disease cluster moved beyond the shadow of global blockbusters to establish China as a primary source of next-generation incretin innovation. This transition is anchored by both domestic commercialization and global outlicensing. Raynovent, based in Guangzhou, accelerated its dual-agonist RAY-1225 into Phase 3 trials for both obesity and diabetes following a positive Phase 2 readout in June 2025. Sciwind Biosciences is preparing a New Drug Application for ecnoglutide, a GLP-1 receptor agonist. In January 2025, Sciwind Biosciences licensed a Phase-2-ready oral formulation of ecnoglutide to Verdiva Bio for development and commercialization outside of China. The deal included $70 million paid up front and up to $2.4 billion in milestone payments.

Chinese activity in metabolic disease drug development extends beyond traditional hormone-based approaches. Both Argo Biopharma and SanegeneBio are pursuing nucleic-acid-based therapies that intervene upstream in metabolic pathways. By targeting genes involved in metabolism, these programs seek to drive selective fat loss and preserve lean muscle while potentially mitigating discontinuation challenges associated with GLP-1 receptor agonists. While both companies' programs remain preclinical, they highlight a potential differentiation pathway for late entrants into the obesity market as they look to challenge the current Eli Lilly-Novo Nordisk duopoly. Though this duopoly continues to deliver strong efficacy results, stubborn discontinuation rates leave the door ajar for new entrants.

Emerging biology platforms

These companies are defined by "first-in-class" breakthroughs, potentially representing the highest alpha for an investor audience but also requiring a deep understanding of unique regulatory pathways and platform risks.

Belief BioMed set a landmark for the industry in April 2025 with the National Medical Products Administration (NMPA) approval of BBM-H901 as China's first approved gene therapy for hemophilia B. This approval validates the domestic development and manufacturing ecosystem for adeno-associated virus (AAV) delivery. Belief BioMed's partnership with Takeda China also charts a clear commercial path. Belief BioMed is pushing for expansion into new therapeutic areas with INDs in Duchenne muscular dystrophy and Parkinson's disease.

The emerging biology platforms cluster is also pushing boundaries in gene modulation and the microbiome. Epigenic is developing a platform to control gene expression to cure diseases without any DNA alterations, as opposed to traditional editing modalities that require double-strand DNA breaks. In September 2025, the company raised a $60 million Series B to support the clinical development of hepatitis B and hypercholesterolemia programs. Concurrently, Zhiyi Biotechnology leads the live biotherapeutic product space, with its lead bacterial replacement therapy in Phase 3 trials for IBS.

While small molecules are a relatively mature modality, Sironax and Magpie Pharmaceuticals are attempting to tackle high-unmet-need indications in the neurodegenerative space with new small-molecule approaches. Sironax's lead asset SIR2501 targets a protein recently identified as a key enzyme in axon degeneration in ALS, MS, and chemotherapy-induced peripheral neuropathy. This asset is paired with Sironax's Brain Delivery Module, designed to shuttle molecules into the brain more effectively. In a less targeted and more holistic approach, Magpie Pharmaceutical's lead asset is designed as a multifunctional small molecule: It is a powerful antioxidant, activates cellular cleanup, and inhibits inflammation. Magpie Pharmaceuticals is currently advancing Phase 3 trials.

By securing regulatory firsts and validating complex delivery platforms, these firms have established a high valuation floor, making them primary targets for Big Pharma suitors looking to hedge against the looming patent cliffs of traditional biologics.

Global engagement with China: Cross-border trends

Licensing trends

China's emergence as a global biopharma innovation hub has been widely noted as cross-border licensing deal activity has increased sharply in previous years. Multinational and mid-cap biopharma companies are sourcing assets from China at growing rates, spanning both headline megadeals and smaller licensing deals. Importantly, this activity is skewing toward complex biologics rather than legacy modalities.

While ADCs and multispecific antibodies remain prominent, the broader signal is China's growing strength in engineering-intensive modalities that benefit from rapid iteration and scalable manufacturing capabilities. These deals demonstrate the success of China's long-running effort to move up the biopharma value chain, from fast followers to differentiated assets that can compete globally.

2025 biopharma outlicensing deals by subsegment

Modality	Licensing deal count	Up-front value ($B)	Total value ($B)
Antibodies & ADCs	31	$3.7	$43.4
Small molecules	14	$0.9	$20.5
Metabolic (GLP-1/incretins)	6	$0.7	$11.7
Nucleic acid	3	$0.2	$6.5
CGT	2	<$0.1	$2.2
Niche & others	1	N/A	N/A

Source: BioPharma Dive • Geography: China • As of December 10, 2025

Antibodies and ADCs were outlicensed at the highest rate in 2025, double the next subsegment in terms of both deal count and deal value. This hot interest was driven initially by Akeso's ivonescimab, a PD-1/vascular endothelial growth factor bispecific that delivered a breakthrough Phase 3 readout by outperforming Keytruda. This clinical validation drove a licensing landgrab in the bispecific space, especially as the looming 2028-2030 patent cliff approaches for blockbuster immunotherapies. Large up-front values highlight this space's strategic importance.

2025 biopharma outlicensing deals by clinical phase

Clinical phase	Licensing deal count	Up-front value ($B)	Total value ($B)
Undisclosed	1	Undisclosed	Undisclosed
Preclinical	20	$0.7	$14.6
Phase 1	21	$1.4	$31.7
Phase 2	8	$1.9	$17.1
Phase 3	6	$1.7	$20.6
Marketed	1	$0.0	$0.2

Source: BioPharma Dive • Geography: China • As of December 10, 2025

Unsurprisingly, there is a premium paid for clinical validation; however, the large number of deals for early-stage assets indicates growing global trust in Chinese science. This front-loading of capital highlights a strategic pivot by global suitors to capture platform-based differentiation before assets reach the significant valuation spikes of late-stage readouts. By securing foundational molecules and delivery engines during Phase 1, Western majors are essentially acquiring de-risked innovation hubs at a fraction of the cost of full M&A.

Engagement with Chinese innovation is moving toward deeper operational integration.

New cross-border organizations

As cross-border licensing activity has matured, engagement with Chinese innovation is moving toward deeper operational integration. Two organizational patterns are emerging: US and EU biopharma companies built around Chinese-origin assets and global biopharma companies establishing Chinese centers of excellence to anchor discovery and early development.

Big Pharma companies are not the only buyers acting on the validation of Chinese-origin assets. An increasing number of venture-backed biopharma companies have been formed explicitly around in-licensed Chinese programs, using cross-border licensing as the foundation for company creation rather than as a supplemental pipeline strategy. Recent examples include Kailera Therapeutics and Verdiva Bio, both founded in 2024 and capitalized in 2025 around GLP-1 programs sourced from Chinese partners.

This model appears increasingly strategic as competition for late-stage metabolic assets intensifies. The recent bidding dynamics around Metsera emphasize how quickly differentiated GLP-1 opportunities are absorbed, compressing the window for new entrants and driving up valuations. Beyond metabolic disease, most companies in this cohort are anchored in next-generation biologics, though exceptions such as Braveheart Bio (developing a myosin inhibitor) and Kalexo Bio (developing a siRNA therapy) highlight the broader modal diversity emerging from China. Collectively, investor willingness to back new companies built around Chinese technology reflects growing confidence in the durability and global competitiveness of China's biopharma ecosystem.

A growing number of early-stage biopharma companies are establishing dedicated teams or centers of excellence in China to support discovery, translational research, and early clinical development. For example, Candid Therapeutics, a T-cell-engager specialist biopharma startup based in San Diego, has established a fully staffed Chinese legal entity with regulatory, clinical development, and operations teams.[7] Candid Therapeutics is hoping to leverage China's accelerated approval timelines as well as cost arbitrage through manufacturing partnerships. Similarly, Frontera Therapeutics is a gene-therapy company developing treatments for rare eye diseases with a fully integrated center of excellence in Suzhou, China. This center of excellence houses a specialized gene-therapy manufacturing center, allowing Frontera Therapeutics to control the entire production cycle.[8]

The emergence of venture-backed NewCos and China-based centers of excellence signals growing investor conviction that China is not only a source of licensable programs but also a durable, globally competitive engine for discovery, development, and early execution.

7: "Candid Therapeutics Advances Portfolio of Novel T-Cell Engagers Into Five Autoimmune Diseases for Clinical Evaluation," Business Wire, Candid Therapeutics, June 20, 2025.
8: "Frontera Therapeutics Starts GMP Manufacturing Facility Construction," PR Newswire, Frontera Therapeutics, June 15, 2021.

Looking ahead to 2026: Risks, opportunities, and geopolitical trajectories

Regulatory retaliation and cross-border friction

The BIOSECURE Act has been central to discussions of geopolitical biopharma friction since its introduction in the US House of Representatives in May 2024. Described as a structural national-security measure aimed at reducing US dependence on Chinese biotechnology providers linked to the Chinese military, the bill went through several iterations before it was signed into law on December 18, 2025, in the National Defense Authorization Act for Fiscal Year 2026.

Early versions of the bill named specific Chinese companies as subject to restriction: WuXi AppTec, WuXi Biologics, BGI, MGI, and Complete Genomics.[9] The final version no longer names specific companies but instead forbids executive agencies from obtaining products or services from "biotechnology company of concern" (BCC).[10] BCCs are designated either automatically through the Department of Defense's Section 1260H list of "Chinese military companies operating in the United States" or through an interagency company identification process led by the director of the Office of Management and Budget (OMB).[11] Once identified, US executive agencies may not: (1) procure or obtain biotechnology equipment or services from a BCC; (2) enter, extend, or renew contracts with an entity that uses BCC equipment or services; or (3) extend grants or loans on entities that use them for a federally funded project. The phase-in period for the bill is dependent on multiple implementation periods, namely a one-year OMB publishing period (around December 2026) and a follow-on 180-day period for implementation guidance (around June 2027), with an additional one-year Federal Acquisition Regulation revision period (around June 2028).

Assessing the BIOSECURE Act's impact requires examining how its individual provisions affect different stages of the drug development lifecycle. The earliest exposure emerges at the discovery and preclinical stages, where federally funded research plays a central role in translating academic science into venture-backed companies. Although many of the most nascent academic spinouts that receive federal funding are likely not heavily integrated with Chinese companies, cost-driven vendor decisions can materially affect early-stage viability for companies. Although biopharma startups typically scale with private capital as opposed to federal loans or grants, early-stage companies that rely on federal funding are more exposed to BIOSECURE-Act-related constraints at the discovery and preclinical stages.

The BIOSECURE Act may disproportionately affect the same companies that are competing with China in innovative early-stage asset generation.

The BIOSECURE Act's implications are more concrete as companies scale programs and rely on outsourced manufacturing to move programs from the lab to the clinic. Increasingly, this work is conducted through Chinese vendors. In a survey of 124 biotech companies, of which two-thirds had less than 250 employees, 79% of respondents had at least one contract or product agreement with a Chinese

9: "House Passes Act Aimed at 5 Chinese Drug Services Firms," Chemical & Engineering News, Aayushi Pratap, September 10, 2024.
10: "S. 2296 - National Defense Authorization Act for Fiscal Year 2026," Congress.gov, Roger F. Wicker, July 15, 2025.
11: Ibid.

manufacturer.[12] This is driven primarily by cost advantages, especially amid the sustained contraction in private funding since 2021. As a result, the BIOSECURE Act may disproportionately affect the same companies that are competing with China in innovative early-stage asset generation.

These cost pressures arrive alongside broader regulatory and policy uncertainty that have made investors wary. These dynamics risk driving pipeline compression among early-stage biopharma companies, forcing companies to advance fewer assets while extending development timelines amid constrained funding and potentially reduced FDA review capacity. To mitigate this, the US administration should consider measures that ease cost pressures and preserve robust review processes to avoid unnecessary delays in drug development at this critical juncture for global biopharma innovation.

Despite these risks, the final version of the bill incorporates industry-friendly changes that soften the impact. Morrison Foerster, a top global law firm, highlighted that stricter knowledge requirements will result in less compliance headaches for companies with large procurement networks.[13] Additional protections around preserving federal rebate agreements avoid drug price spikes, and "affiliates" of BCCs are no longer automatically covered. These are important considerations when considering the steps needed to ensure compliance.

Licensing deal trajectory

Cross-border licensing restrictions were not included in the finalized version of the BIOSECURE Act. Nevertheless, the legislation reflects broad bipartisan momentum toward a more protective biopharma policy posture, potentially laying the groundwork for future legislative or executive actions that could affect licensing arrangements or other cross-border partnerships. Early signals suggest limited near-term disruption: Four licensing deals involving Chinese assets were announced within a week of the act's passage.

Against a backdrop of sustained demand for early-stage assets, activity will likely remain concentrated in precision oncology, particularly in multispecific antibody programs, as companies seek to replicate the momentum of recent late-stage successes and backfill pipelines ahead of a significant oncology-based patent cliff. The current wave of next-generation antibody licensing offers a useful template for 2026 trends: Years of capital investment, institutionalized know-how, and manufacturing infrastructure have enabled the rapid generation and validation of differentiated assets across emerging targets and modalities.

A similar dynamic is beginning to emerge in CGT. Recent NMPA approvals have helped validate China's development infrastructure in these modalities. At the same time, US venture markets have deployed significant capital into CGT platforms with

12: "Trade Association Survey Shows 79% of US Biotech Companies Contract With Chinese Firms," Yahoo Finance, Reuters, Deena Beasley and Karen Freifeld, May 8, 2024.
13: "BIOSECURE Act Update," Morrison Foerster, Brigid DeCoursey Bondoc, et al., December 18, 2025.

comparatively limited commercial returns to date, increasing pressure on companies to seek lower-cost assets and more specialized delivery solutions. In this context, Chinese partners may become increasingly attractive sources of both early-stage programs and enablers of delivery technologies, particular as safety concerns around AAV-mediated delivery shape asset selection and deal structures.

Conclusion: China's early-stage advantage persists

China has emerged as a formidable biopharma innovator, generating high-value early-stage assets across innovative modalities following years of sustained capital investment and infrastructure development. This progress is increasingly validated by licensing activity with Western partners. Although the BIOSECURE Act introduces meaningful friction to cross-border biopharma collaboration, its provisions are primarily focused on downstream execution rather than early-stage asset generation. At the same time, rising US costs and funding constraints are increasing reliance on external innovation, reinforcing incentives for cross-border licensing and partnerships. These dynamics serve to entrench China's early-stage asset advantage, which will likely persist for at least the next several years.

For US biopharma to reverse these trends and reduce China's advantage, targeted capital investment, regulatory reform, and innovative approaches are needed:

1. **Resumption of government funding of innovative programs:** Early-stage biopharma companies rely on National Institutes of Health and National Science Foundation funding to advance their most innovative, high-risk programs.

2. **Streamlined regulatory processes to accelerate transfer to the clinic:** The time it takes for programs to reach the clinic after filing IND applications in China is nearly two times faster than in the US, owing to centralized trial sites and large patient pools.[14]

3. **Strategic communication of target validation to avoid fast followers:** Biopharma companies working on new targets or approaches should limit disclosures when possible to prevent the deployment of China's vast follow-on infrastructure.

14: "China Biotech's Stunning Advance Is Changing the World's Drug Pipeline," Bloomberg, Amber Tong, Jinshan Hong, and Spe Chen, July 13, 2025.

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Nizar Tarhuni
Executive Vice President of Research and Market Intelligence

Paul Condra
Senior Director, Global Head of Private Markets Research

James Ulan
Director, Industry & Technology Research

Report created by:

Ben Zercher
Senior Research Analyst, Biotech & Pharma

Sara Good
Senior Data Analyst

Jenna O'Malley
Senior Graphic Designer

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