CHINA CRO & CDMO

3Q26 Preview: Order Momentum to Shape 2027 Visibility

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China CRO/CDMO names have experienced share price volatility over the past week (-10% on avg, still up 68% YTD) amid broader market de-risking, despite limited changes in fundamentals. We believe the upcoming 3Q26 earnings season could help refocus investor attention on continued strong order momentum, which remains the key driver of medium-term growth visibility to support a recovery in share prices. **We expect 3Q26 new-order growth will likely remain in the 20%-40% range despite a higher base,** following the exceptionally strong 30-55% order growth reported in 1H26 (see our wrap up). **Importantly, we believe the current pace of order intake continues to provide support for 2027 revenue growth of c.15-25% across leading CDMO names.** Recent management commentary and our discussions during Asia CDMO Day (see our takeaways) further reinforce our view that the recovery is becoming increasingly durable rather than cyclical, supported by continued pharma M&A and licensing-related demand (Exhibit 22), and growing commercial manufacturing exposure across peptides, ADCs, oligonucleotides and bi-specific. Importantly, leading indicators across early-stage innovation activity remain healthy, while GLP-1 demand and export trends continue to support sustained outsourcing demand visibility into 2027. With that, we revised up our 2026-28e EPS by 2%/3%/3% and raised our TP by 9% on average (Exhibit 3).

While we do not expect another broad-based round of guidance upgrades in 3Q, we believe most leading players remain well-positioned to **deliver toward the upper end of existing guidance ranges** despite continued FX headwinds from RMB appreciation. Management teams indicated that the recent Fed tightening has yet to translate into any meaningful change in customer behavior; meanwhile our US economist has pushed back expectations for a 2nd hike to Dec from Oct following lower core Aug inflation (see their note). With order growth, backlog and healthy capacity utilization already supporting near term earnings visibility alongside higher capex for mid term, investor focus is likely to shift from demand recovery toward execution, including backlog conversion, commercial project ramp-up and margin delivery. We therefore view execution and backlog conversion, rather than macro conditions, as the primary determinants of near-term earnings delivery.

Following the sector's strong outperformance, we believe the next leg of share-price performance will increasingly depend on two factors: **commercial manufacturing visibility and potential multiple expansion catalysts**. Investors are becoming more

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comfortable with near-term earnings delivery and are increasingly focused on the pace at which Phase III, PPQ and late-stage programs convert into sustainable commercial revenues. At the same time, valuation re-rating could be supported by further progress on Section 1260H-related developments, improving geopolitical visibility and growing evidence that AIDD is evolving from a productivity tool into a tangible demand driver for CRO/CDMOs. Continued engagement from generalist investors reflects a growing recognition of China as a globally competitive innovation and manufacturing supply chain, alongside the emerging opportunity from AI-enabled drug discovery.

From a stock-picking perspective, we continue to favor both early-stage innovation beneficiaries and catalyst-driven commercial manufacturers. Heading into 3Q earnings, we see WuXi AppTec as the best positioned name to deliver strong quarter print. From a 12month perspective, we see the strong potential in WuXi XDC, Pharmaron, and Tigermed given their greater exposure to improving early-stage R&D activity, AIDD-related opportunities and emerging modalities including ADC; For catalyst-driven Ideas, we favor Asymchem on accelerating peptide outsourcing demand, WuXi AppTec on global GLP-1 and broader TIDES commercialization and investor day (Nov 6th), and GenScript as an early beneficiary of growing AIDD-related demand across gene and protein synthesis, potential investor day in late Oct.

Earnings release date: Asymchem (Oct 22), WuXi AppTec (Oct 26), Pharmaron (Oct 27), Tigermed (Oct 29); Read across from Danaher, TMO, Medpace (all on Oct 21), Iqvia (Oct 27), Joinn Lab (Oct 28)

What we forecast and where we change

Exhibit 1: Our estimates for sales and net income
Sort by 2026 adj. net income growth

		Sales (Rmb mn)			Sales growth			Net income (Rmb mn)			Net income growth			Adj. net income (Rmb mn)		Adj. net income growth		Valuation (PE)		Performance	
Ticker	Company name	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2026	2027	27	28	1M	6M
CRO/CDMO																					
1548.HK	Genscript	900	1,191	1,509	-6%	32%	27%	-104	123	265	81%	219%	115%	-104	123	81%	219%	81X	37X	2%	174%
3347.HK	Tigermed (H)	8,006	9,477	10,862	17%	18%	15%	462	1,131	1,303	-48%	145%	15%	598	891	68%	49%	35X	26X	-7%	-5%
300347.SZ	Tigermed (A)	8,006	9,477	10,862	17%	18%	15%	462	1,131	1,303	-48%	145%	15%	598	891	68%	49%	52X	40X	-6%	-9%
603259.SS	WuXi AppTec Co. (A)	61,409	73,951	85,964	35%	20%	16%	26,212	28,266	32,966	37%	8%	17%	24,932	29,746	67%	19%	15X	13X	-3%	47%
2359.HK	WuXi AppTec Co. (H)	61,409	73,951	85,964	35%	20%	16%	26,212	28,266	32,966	37%	8%	17%	24,932	29,746	67%	19%	17X	15X	2%	55%
2268.HK	WuXi XDC	8,161	11,086	14,372	37%	36%	30%	1,809	2,661	3,558	22%	47%	34%	2,351	2,889	36%	23%	30X	22X	2%	20%
6821.HK	Asymchem (H)	7,982	9,956	11,883	20%	25%	19%	1,103	1,899	2,237	-3%	72%	18%	1,523	2,003	21%	32%	23X	20X	-6%	43%
002821.SZ	Asymchem (A)	7,982	9,956	11,883	20%	25%	19%	1,103	1,899	2,237	-3%	72%	18%	1,523	2,003	21%	32%	32X	27X	-8%	37%
300759.SZ	Pharmaron (A)	16,775	20,000	23,435	19%	19%	17%	1,893	2,554	3,203	14%	35%	25%	2,201	2,717	21%	23%	26X	21X	-6%	30%
3759.HK	Pharmaron (H)	16,775	20,000	23,435	19%	19%	17%	1,893	2,554	3,203	14%	35%	25%	2,201	2,717	21%	23%	16X	13X	-6%	31%
2269.HK	WuXi Biologics	25,760	31,095	36,525	18%	21%	17%	5,386	7,229	8,656	10%	34%	20%	6,773	8,059	20%	19%	22X	19X	1%	33%

Source: Goldman Sachs Global Investment Research

Exhibit 2: We expect another robust 3Q26 earnings delivery
Sort by 3Q26 adj. net income growth

		Sales growth			Net income growth			Adj. net income growth			Adj. net margin			FY26 sales growth	
Ticker	Company name	1H26	2Q26	3Q26	1H26	2Q26	3Q26	1H26	2Q26	3Q26	1H26	2Q26	3Q26	GSe	Guidance
603259.SS	WuXi AppTec Co. (A)	39%	48%	38%	34%	35%	169%	83%	92%	55%	40%	42%	39%	42%*	35-39%*
300347.SZ	Tigermed (A)	14%	13%	16%	-208%	-312%	-53%	32%	45%	50%	7%	8%	8%	17%	Double-digit
002821.SZ	Asymchem (A)	13%	10%	39%	-16%	-36%	29%	13%	-11%	46%	21%	17%	16%	20%	19-22%
300759.SZ	Pharmaron (A)	18%	20%	20%	7%	5%	17%	20%	24%	24%	12%	13%	13%	19%	15-20%

* WuXi AppTec FY26 sales growth is on continuing basis

Source: Goldman Sachs Global Investment Research

Exhibit 3: We raise our TPs by 9% on average

Close price as of Oct 14, 2026

		Rating	Curr ency	Target Price					Div Yld	TR +/-	Vol- atility	RAR	M&A Rank	Abs Perf	
Ticker	Company name	New		New	Old	% chg	TP +/-	Close Price	FY1	12M				1M	6M
3759.HK	Pharmaron	B	HK$	40.10	37.20	8%	44%	27.86	1.0%	45%	51%	0.9	3	(5%)	31%
603259.SS	WuXi AppTec	B	Rmb	205.90	186.80	10%	34%	154.18	1.8%	35%	42%	0.8	3	(3%)	45%
3347.HK	Tigermed	B	HK$	55.30	52.10	6%	33%	41.50	0.2%	33%	52%	0.6	3	(7%)	(5%)
300347.SZ	Tigermed	B	Rmb	69.90	65.90	6%	32%	53.07	0.1%	32%	49%	0.6	3	(6%)	(11%)
2268.HK	WuXi XDC	B	HK$	100.50	97.90	3%	30%	77.05	0.0%	30%	54%	0.6	3	2%	20%
6821.HK	Asymchem	B	HK$	187.50	168.20	11%	30%	144.50	1.0%	31%	64%	0.5	3	(6%)	44%
300759.SZ	Pharmaron	N	Rmb	51.50	47.80	8%	29%	40.00	0.6%	29%	47%	0.6	3	(6%)	27%
2269.HK	WuXi Biologics	N	HK$	63.10	55.80	13%	27%	49.74	0.0%	27%	45%	0.6	3	1%	34%
002821.SZ	Asymchem	N	Rmb	206.40	185.20	11%	27%	163.10	0.8%	27%	54%	0.5	3	(8%)	34%
1548.HK	Genscript	B	HK$	42.65	38.54	11%	22%	34.82	0.0%	22%	70%	0.3	3	2%	174%
2359.HK	WuXi AppTec	B	HK$	242.60	220.10	10%	20%	202.00	1.6%	22%	44%	0.5	3	2%	55%

Source: Goldman Sachs Global Investment Research

Exhibit 4: We revise adjusted net profit estimates on strong operating fundamentals

		Sales chg (%)			EPS chg (%)			Adj NP chg (%)			
Ticker	Company name	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	What we have changed
3759.HK	Pharmaron	0%	2%	3%	0%	3%	7%	1%	5%	8%	Revised up estimates to reflect improved 2027 earnings visibility, supported by continued strength in CMC order intake and the progression of more projects toward late-stage development and commercialization
1548.HK	Genscript	0%	1%	3%	9%	9%	5%	9%	9%	5%	Revised up revenue and earnings forecasts to reflect stronger AIDD-related demand, particularly in gene and protein synthesis, supporting both growth and margin expansion
6821.HK	Asymchem	0%	2%	2%	1%	5%	5%	3%	5%	5%	Revised up estimates on better 2027 earnings visibility, underpinned by sustained order momentum across peptides and ADCs, supporting future capacity utilization and revenue growth
2269.HK	WuXi Biologics	1%	2%	2%	1%	5%	5%	1%	5%	5%	Revised up earnings to reflect stronger-than-expected momentum in development-stage projects and greater confidence in margin expansion as utilization continues to improve
2359.HK	WuXi AppTec	1%	1%	2%	(1%)	3%	4%	3%	4%	4%	Revised up earnings to reflect stronger margin resilience, supported by continued robust peptide demand and improving operating leverage
300347.SZ	Tigermed	0%	3%	3%	3%	0%	(2%)	2%	6%	4%	Revised up estimates to reflect accelerating order growth, strengthening revenue visibility and supporting a more sustainable growth outlook into 2027
2268.HK	WuXi XDC	0%	2%	4%	0%	(6%)	(4%)	3%	(3%)	(1%)	Reflecting higher revenue from continued ADC project momentum, partially offset by lower gross margin due to the Singapore facility ramp-up in 2027

Source: Goldman Sachs Global Investment Research

Order momentum remain top investor focus

Exhibit 5: We expect new order momentum to continue in 3Q, with market expectation at range of +20-40%
CDMO new order and backlog growth summary

Note: 1) * for continuing operations; 2) new order based on backlog within 3 years for WuXi Biologics; 3) cal. denotes new order based on calculation, rest per company
CCY = constant currency, ex-FX impact

New order growth, y/y	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	1H26
WuXi AppTec	-1% (cal.)	30%*	25%*	12%*	18%*	n.a.	n.a.	ccy 25%*	40%* (ccy 45%)
WuXi Biologics	15% (cal.)	13%-15%*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
WuXi XDC	n.a.	75% (cal.)	n.a.	1H25 48%	n.a.	2H25 29% (cal.)	41%	n.a.	47% (cal.)
Asymchem	n.a.	20%	Maintain the momentum	n.a.	9M25 double digit	n.a.	n.a.	n.a.	55% (Aug 26)
Tigermed	-19%	7%	20%	Aug YTD mid teens	9M25 mid teens	n.a.	21%	High double digit	30%+ y/y
Pharmaron	n.a.	>20%	10%	1H25 10%	9M25 13%	n.a.	14%	30%	30%
Lab service	n.a.	15%	10%	1H25 10%	9M25 12%	n.a.	12%	20%	20%
CMC	n.a.	35%	10%	1H25 20%	9M25 20%	n.a.	13%	50%	50%

Note:1) * for continuing operations; 2) calculated based on disclosed backlog for WuXi AppTec, WuXi Bio (backlog within 3 years), and WuXi XDC;
3) per company for Asymchem: 4) WuXi XDC 1H26 growth on service backlog

Backlog growth, y/y	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	1H26
WuXi AppTec	7%	47%*	47%*	1H25 37%*	9M25 41%*	n.a.	29%* (ccy 34%*)	24% (ccy 29%)*	25%* (ccy 30%)
WuXi Biologics	6%	11%*	n.a.	1H25 29%*	n.a.	n.a.	24%*	n.a.	24%*
WuXi XDC	82%	71%	n.a.	1H25 58%	n.a.	n.a.	50%	n.a.	50%
Asymchem	n.a.	>20%	n.a.	n.a.	n.a.	n.a.	32%	n.a.	54% (Aug 26)
Chemical macromolecule	n.a.	n.a.	n.a.	1H25 90%	n.a.	n.a.	128%	n.a.	163% (Aug 26)
Biological macromolecule	n.a.	n.a.	n.a.	1H25 60%	n.a.	n.a.	56%	n.a.	89% (Aug 26)
Drug products	n.a.	n.a.	n.a.	1H25 35%	n.a.	n.a.	49%	n.a.	31% (Aug 26)

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Strong backlog on hand to further support the 2027 topline growth

	FY20	FY21	FY22	1H23	FY23	1H24	FY24	1H25	FY25	1H26
WuXi AppTec										
Backlog, Rmb bn	15.9	29.1	32.8	33.9	35.2	43.1	49.3*	56.7*	58.0*	66.4*
y/y	-	84%	13%	-3%	7%	27%	47%*	37%*	18%*	17%*
y/y, stated per company	-	-	-	-	-	-	*30%**	*12% in 2Q**		-
WuXi Biologics										
Total backlog, US$ bn	11.3	13.6	20.6	20.1	20.6	20.1	18.5*	20.3*	23.7	25.1*
y/y	-	*20%*	*51%*	*9%*	*0%*	*0%*	*5%**	*19%**	*28%*	*24%**
Total backlog within 3 yrs, US$ mn	1,458	2,890	3,621	3,503	3,850	3,642	3,650*	4,210*	4,530*	5,500*
y/y	-	*98%*	*25%*	*15%*	*6%*	*4%*	*11%**	*29%**	*24%**	*31%**
WuXi XDC										
Service backlog, US$ mn	-	-	318	411	579	842	991	1,329	1,489	1,998
y/y	-	-	-	-	*82%*	*105%*	*71%*	*58%*	*50%*	*50%*
Calculated new order, US$ mn	-	-	-	230	552	491	967	713	1,313	1,049
y/y, calculated	-	-	-	-	-	*113%*	*75%*	*45%*	*36%*	*47%*
y/y, stated per company	-	-	-	-	-	-	-	*48%*	-	
Asymchem										
Total backlog, US$ bn	0.5	1.9	1.2	-	0.9	-	1.1	1.1	1.4	1.7
y/y	-	*320%*	*-39%*	-	*-24%*	-	*>20%*	-	*32%*	*53.8%*
New order, y/y	-	-	-	-	-	-	*c.20%*	-		*55%*
Tigermed										
Backlog, Rmb bn	7.26	11.4	13.8	-	14.1	-	15.8	-	18.2	
y/y	-	*57%*	*21%*	-	*2%*	-	*12%*	-	*15%*	
Reported new order, Rmb bn	5.5	9.6	9.7	-	7.9	-	8.4	-	-	
y/y	-	-	*0%*	-	*-19%*	-	*7%*	*Aug YTD mid teens growth*		*30%+*

1. * denotes data for continuing operations for WuXi Apptec and WuXi Biology; 2. Asymchem total backlog data is as of financial release dates

Source: Company data, Goldman Sachs Global Investment Research

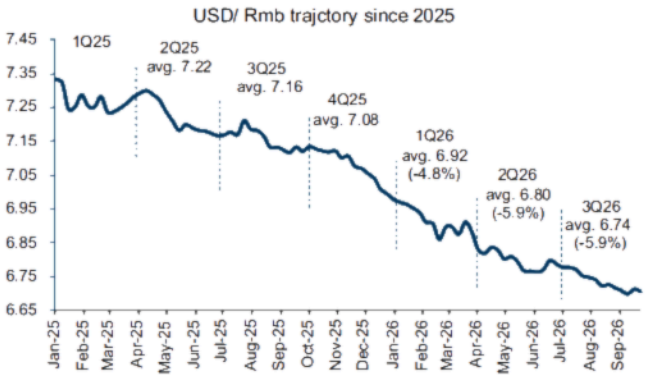
Exhibit 7: We dont expect a broad base upward guidance revision in 3Q26, while any change will be positive catalyst for share price

	2023 Jan-Mar	Apr-Jun	Jul-Sep	Oct- Dec	2024 Jan-Mar	Apr-Jun	Jul-Sep	Oct- Dec	2025 Jan-Mar	Apr-Jun	Jul-Sep	Oct- Dec	2026 Jan-Mar	Apr-Jun	Jul-Sep	The latest guidance
WuXi AppTec	—	—	—	▼	▼	—	—	—	—	—	▲	▲	—	—	▲	FY26 revenue growth at +35-39% y/y for continuing operations
WuXi Bio	—	—	—	▼	▼	—	—	—	—	—	▲	—	—	—	▲	FY26 revenue growth guidance of 15-18% y/y (20-23% at constant currency)
WuXi XDC	n.a.	n.a.	n.a.	n.a.	—	—	—	—	—	—	▲	—	—	—	—	35% group revenue growth for FY26 on a constant-currency, like-for-like basis (including BioDlink) or 40% on a pro forma basis
Pharmaron	—	—	▼	▼	—	—	—	▼	—	—	—	▲	—	—	▲	FY26 revenue growth at 15-20% y/y, incorporating ~3% FX headwind
Asymchem	—	—	▼	—	—	—	▼	—	—	—	▲	—	—	—	—	19-22% y/y revenue growth in FY26, incorporating a 2-3% FX headwind
Samsung Bio	—	▲	—	▲	—	—	—	▲	—	—	▲	—	—	—	—	FY26 revenue growth of +15-20% y/y (indicated an expectation to achieve the upper end of the range at c.20%)

Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 8: FX headwinds from RMB strength remain headwind...

USD/CNY down ~5.9% in 3Q26 average vs 3Q25 average



Source: Bloomberg

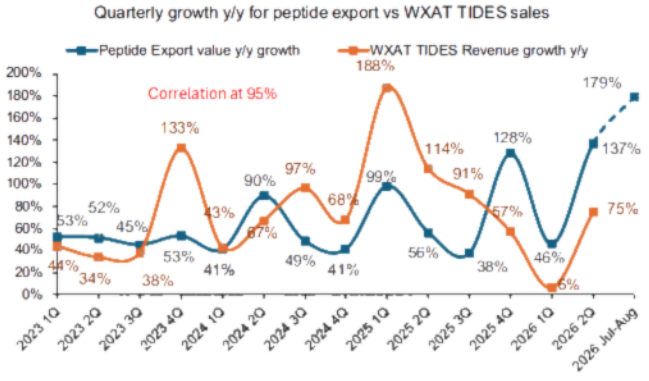
Exhibit 9: ...while largely expected by the market

Company	FX impact
WuXi AppTec	c.4% FX headwind on FY26 revenue growth; c.300bps impact on GPM in 1H26
WuXi Bio	Revenue impact at c.5% (from c.3%) for FY26; c.300bps impact on adj. GPM in 1H26
WuXi XDC	c.4.5% impact on 1H revenue growth
Asymchem	3.1% impact on 1H revenue (vs. 2.6% in 1Q) 150bps impact in 1H on GM (vs. 120bps in 1Q)
Pharmaron	3% FX impact on revenue growth in FY26 guidance

Source: Company data, Goldman Sachs Global Investment Research

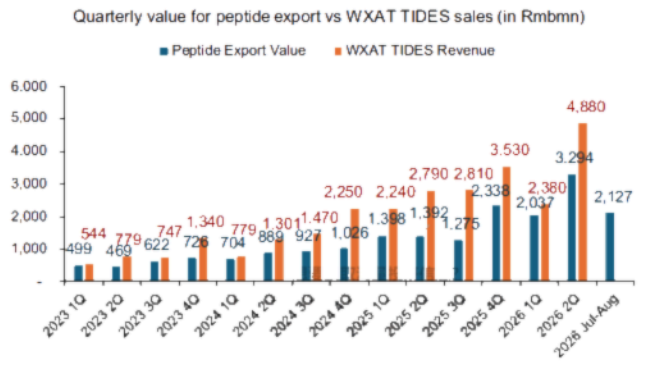
Strong peptide export supports our confidence in WuXi AppTec's TIDEs growth in 3Q

Exhibit 10: Peptide export momentum continued, +137% y/y in 2Q26 and +179% y/y in Jul-Aug 26



Source: China Customs, Company data, Wind, Goldman Sachs Global Investment Research

Exhibit 11: The peptide export reached Rmb3.3bn in 2Q26, and Rmb2.1bn in Jul-Aug 26



Source: China Customs, Company data, Wind, Goldman Sachs Global Investment Research

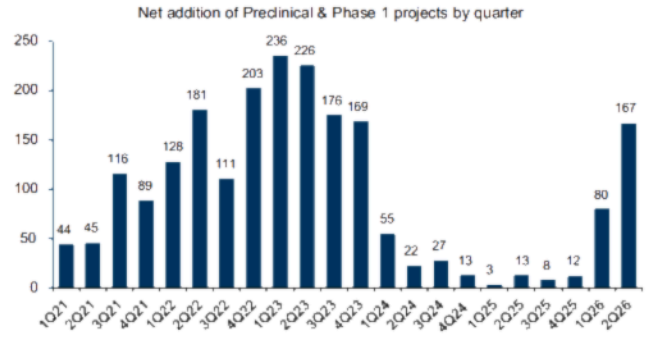
Exhibit 12: Strong GLP-1 momentum (tirzepatide + orforglipron) underpins WXAT's multi-year visibility through 2030E

	2024	2025	2026E	2027E	2028E	2029E	2030E
Total sales - Tirzepatide (US$ mn)	**16,466**	**36,509**	**58,661**	**69,677**	**74,995**	**78,022**	**79,246**
y/y			**61%**	**19%**	**8%**	**4%**	**2%**
Blended Price cut			-9%	-8%	-4%	-4%	-4%
Volume increase			70%	27%	12%	8%	6%
Mounjaro (T2D in US, T2D/Obesity in OUS)	**11,540**	**22,966**	**39,135**	**45,927**	**51,626**	**55,675**	**59,427**
y/y			70%	17%	12%	8%	7%
Pricing cut			-5%	-5%	-4%	-4%	-4%
Volume growth			75%	22%	17%	12%	11%
Zepbound (Obesity in US)	**4,926**	**13,543**	**19,526**	**23,750**	**23,369**	**22,347**	**19,818**
y/y			44%	22%	-2%	-4%	-11%
Pricing cut assumption			-17%	-15%	-4%	-3%	-4%
Volume increase			61%	37%	2%	-1%	-7%
WXAT sales from Tirzepatide (Rmb mn)		**10,233**	**15,375**	**18,449**	**20,205**	**20,671**	**20,617**
y/y			50%	20%	10%	2%	0%
in US$ mn		1,483	2,228	2,674	2,928	2,996	2,988
Volume share		45%	41%	39%	38%	36%	34%
Pricing discount/ volume rebate			-5%	0%	0%	0%	0%
Total sales - Orforglipron (US$ mn)			**847**	**4,777**	**10,860**	**19,012**	**26,686**
y/y				464%	127%	75%	40%
Pricing change				6%	-2%	-5%	-4%
volume increase				458%	129%	81%	44%
LLY's Inventory	550	1500	2,977	4,573	6,030	6,870	7,078
y/y		173%	98%	54%	32%	14%	3%
Inventory % of next 3 years's sales	98%	91%	78%	77%	77%	77%	77%
COGS	10%	10%	11%	11%	11%	11%	11%
WuXi 's Share		45%	60%	58%	58%	58%	56%
WuXi Revenue from Orfoglipron (Rmb mn)		**2,950**	**6,500**	**8,453**	**10,543**	**11,519**	**12,015**
y/y			120%	30%	25%	9%	4%
in US$ mn		428	942	1,225	1,528	1,669	1,741

Source: Company data, Goldman Sachs Global Investment Research

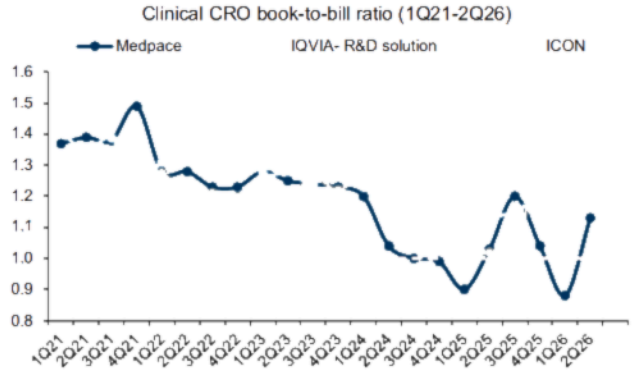
Encouraging signs of early-stage demand recovery

Exhibit 13: WXAT's 2Q26 new preclinical & phase 1 molecule additions (+167) recovered to 2022-23 levels



Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 14: Clinical CRO shows early sign of recovery with evident book-to-bill ratio hike, especially in 2Q26



Source: Company data, Data compiled by Goldman Sachs Global Investment Research

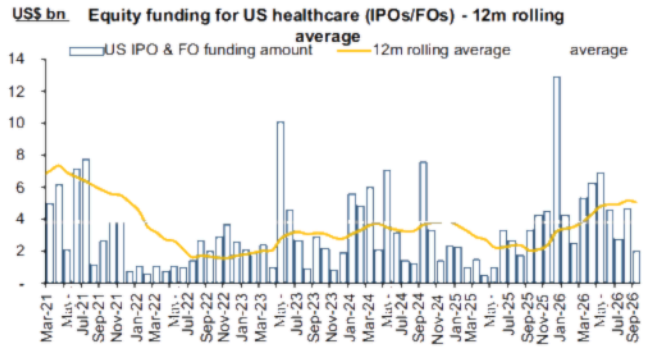
Exhibit 15: AIDD Exposoure: Genscript remain as key beneficary from gene synthesis, followed by Pharmaron/WuXi Bio on lab analysis and protein synthesis

Company	Company's comments on AIDD
GenScript	- LSG: AIDD revenue of c.US$40mn in 1H26, guided to >US$100mn in 2H26 (implying >US$140mn for FY26), with triple-digit % growth targeted for FY27. And AIDD orders carry c.20pp higher GPM than conventional protein expression orders - ProBio: US$9.7mn AIDD orders signed in 1H26, with c.US$2.5mn of revenue delivered - Capacity: Protein expression capacity to double by end-FY26 vs 1H26, then double every six months into FY27
Pharmaron	- AIDD-related projects are c.7–8% of Laboratory Services revenue - AI-focused biotechs were 2 of the top-20 and 4 of the top-50 clients in 2025. Exposure to AIDD biotechs dates back to 2018
WuXi Biologics	Supported by AIDD-related demand, protein-related business grew 40%+ y/y in 1H26; total protein-related revenue is expected to approach US$200mn in FY26

Source: Company data

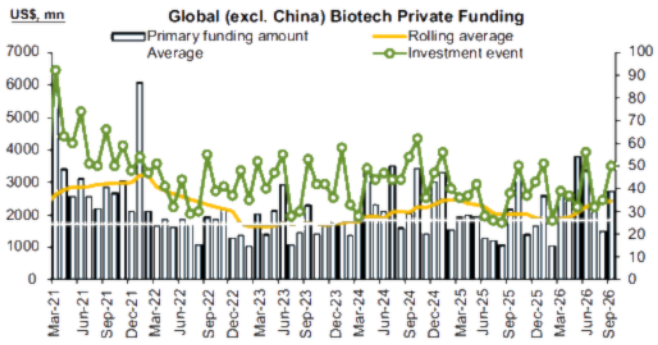
Funding: monitoring the IPO funding in next few months following Sep Fed Hike

Exhibit 16: Global HC funding recovery intact
Equity funding for US healthcare (IPOs/FOs) by month



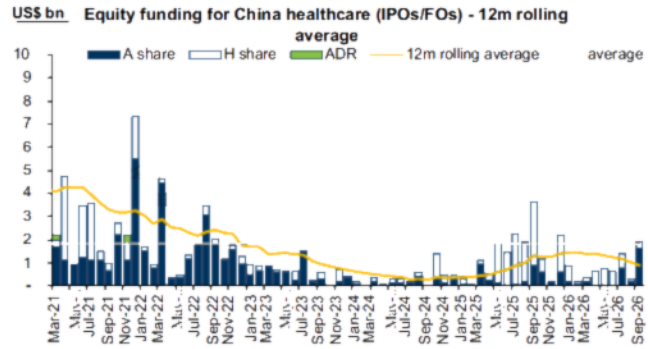
Source: Wind

Exhibit 17: ...same for global private biotech funding
Global private biotech funding by month



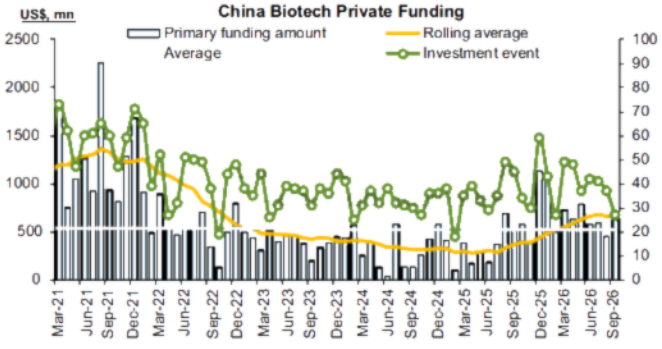
Source: Pharmcube

Exhibit 18: China public HC funding remained light in Sep...
Equity funding for China healthcare (IPOs/FOs) by month



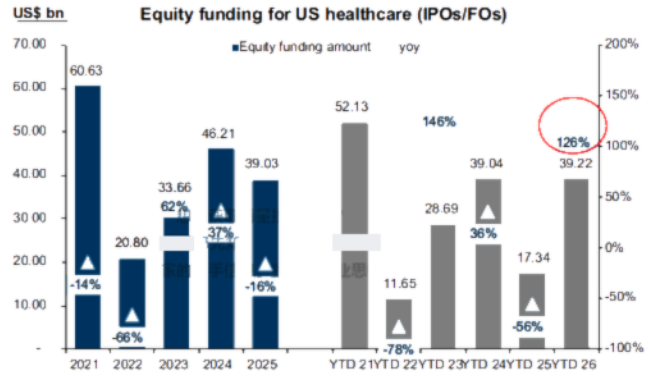
Source: Wind

Exhibit 19: ...versus sustained amount for China private biotech funding
China private biotech funding by month



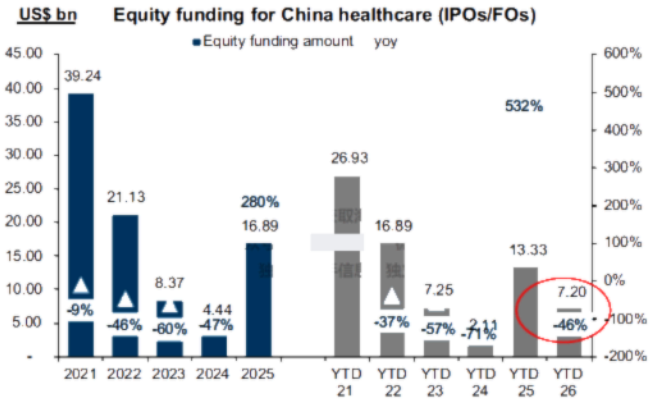
Source: Pharmcube

Exhibit 20: Equity funding for US healthcare reached US$39bn YTD, highest since 2021
As of Sep 2026



Source: Wind

Exhibit 21: ...while China was relatively soft due to the regulatory change for H-share listings
As of Sep 2026



Source: Wind

Exhibit 22: Global M&A activity YTD reached a five-year high...



Source: Pharmcube

Exhibit 23: ...as well as global BD activities...



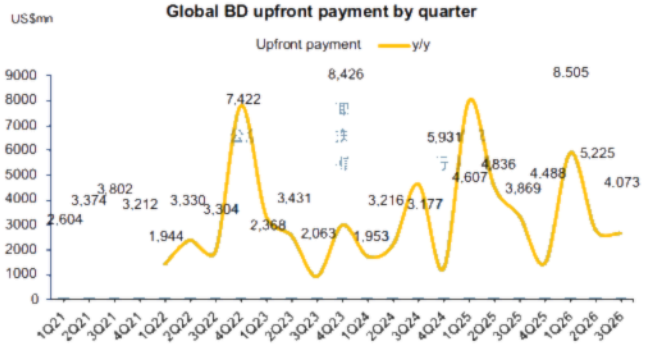
Source: Pharmcube

Exhibit 24: ...with total BD deal value reaching US$224bn in 1Q–3Q26...



Source: Pharmcube

Exhibit 25: ...and total upfront payments reaching US$18bn in 1Q–3Q26



Source: Pharmcube

Valuation and risks

Exhibit 26: Valuation and risks

Ticker	Company name	Valuation and risks
CRO/ CDMO		
2359.HK	WuXi AppTec	Our 12-month target price of HK$242.6 (H) (from HK$220.1) is based on a 12m fwd P/E at 20x (unchanged). The A-share TP of Rmb205.9 (A) (from Rmb186.8) is derived based on the H-share TP with HKD/CNY 0.92 and A/H premium of -7.5% (unchanged). We are Buy-rated. Downside risks: 1) GLP-1 concentration risks; 2) Pricing pressure arising from domestic and global peers; 3) Geopolitical uncertainty; 4) Uncertainty in the success-based business discovery model; 5) Slower-than-expected ramp-up of new business.
6821.HK	Asymchem	We are Buy/Neutral on Asymchem H/A. Our 12m TPs (H/A) of HK$187.5 (from HK$168.2) for H share and Rmb206.4 (from Rmb185.2) for A share are based on an 12m fwd P/E of 27x (from 25x, mark-to-market). Our target price for the A-share is derived based on an A-H premium of 20%. Key downside risks include: 1) Sensitivity to loss of key clients; 2) Pricing pressure from domestic and global competition; 3) Regulation risk and biotech financing downturn; 4) Growing labor costs and talent retention challenges; 5) Geopolitical uncertainty. Upside risk (for A-share): 1) Faster-than-expected ramp-up in emerging services (peptides, ADC, oligonucleotides); 2) Increasing GLP-1–linked small-molecule orders.
2269.HK	WuXi Biologics	Our 12-m TP of HK$63.1 (from HK$55.8) is based on a 12m forward P/E of 27x (from 25x, mark-to-market). We are Neutral rated. Key upside risks: If the final US legislation affects federal-funded projects only or WuXi names are excluded from the proposed bill. Downside risks: 1) Legislative outcome at the higher end of our scenarios with US revenue excluded or ex-China revenue excluded; 2) cooling of global or China biotech funding; 3) a higher-than-expected number of commercial projects being transferred out; 4) increasing competition from global competitors; and 5) geopolitical uncertainties.
3759.HK	Pharmaron	We are Buy/Neutral on Pharmaron H/A. Our 12-m TPs of HK$40.1 (H) / Rmb51.5 (A) (from HK$37.2 (H) / Rmb47.8 (A)) are based on 12m fwd P/E of 21x (unchanged). Our target price for the H-share is derived based on an A-H premium of 40.0% (unchanged). Key upside risks (for A-share): 1) Accelerated revenue conversion from increasing customer engagement/RFP with a better-than-expected biotech funding recovery; 2) better than-expected facilities ramp-up or lower loss of overseas facilities; and 3) better-than-expected order signing or improving profitability for CGT business. Downside risks (both H- and A-shares): 1) Escalation in US-China trade tensions; 2) growing labor cost and challenges in retaining key talent; and 3) a slowdown in global pharma R&D spending or venture capital/IPO market financing.
2268.HK	WuXi XDC	Our 12m TP of HK$100.5 (from HK$97.9) is based on a 12-month forward P/E of 35x (unchanged). We are Buy-rated. Key downside risk: 1) Slower demand from weak biotech funding; 2) Increasing competition from global peers; 3) Geopolitical uncertainty; 4) Loss of key clients / late-stage projects; 5) Delayed manufacturing expansion; 6) Clinical development risk of the ADC market.
3347.HK	Tigermed	Our 12m TP of Rmb69.9 (from Rmb65.9) for the A-share is based on SOTP, with Rmb53.3 for core operations derived from a 10-year DCF and Rmb16.6 for investment assets by book value. Our 12m TP of HK$55.3 (from HK$52.1) for the H-share is based on a 38% discount (unchanged) to the A share. We are Buy-rated. Downside risks: 1) geopolitical risk, e.g. stricter US regulatory reviews or higher fees for clinical trials; 2) continuing order impairment; 3) continuing weakness in front-end demand and investment; 4) slower-than-expected global expansion; and 5) lagging market consolidation.
1548.HK	Genscript	Our 12-month target price of HK$42.65 (from HK$38.54) is based on a SOTP comprising: 1) life-science group valued on a 2029E exit PE of 30x (from 28x, mark-to-market) and discount rate of 10.5%, in line with our other covered CRO names, 2) Legend Biotech based on a risk-adjusted DCF analysis (9% discount rate, 1% terminal growth rate), 3) other two segments (ProBio, Bestzyme) which are based on DCF valuation (discount rate of 10.5% for both and terminal growth rate of 3%/2% for ProBio/Bestzyme), and 3) holding company discount of 18% on top of the SOTP valuation. We are Buy-rated. Key risks include: 1) regulation risk and biotech funding downturn; 2) growing labor costs and challenges in retaining key talent; 3) risk from high revenue exposure to ex-China businesses; 4) lower-than-expected ramp up of AIDD demand.

Source: Goldman Sachs Global Investment Research

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