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China Biotechnology | Asia Pacific

COINS: Familiar Tunes, Evolving Partnerships

MORGAN STANLEY ASIA LIMITED+

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CHINA HEALTHCARE

Asia Pacific
Industry View **Attractive**

Key Takeaways

- COINS revisits familiar risks but challenges September's dovish view; uncertainty could weigh on sentiment amid high rates and limited valuation support.
- Standalone licensing appears less exposed; covered US buyouts of China biotechs would be barred if finalized, in line with our low M&A expectations.
- NewCo/co-co exposure remains unresolved, including offshore vehicles; final scope and JV interpretation will determine which structures remain viable.
- Treasury plans no covered-person list; confidential evidence submissions are proposed, but US parties retain responsibility for assessing coverage.
- We expect globalization to adapt through compliant partnerships and later-stage licensing, favoring repeat monetizers with funding and scarce assets.

What happened: Treasury's COINS draft (link) proposes US outbound investment curbs on biotech, including biological-system activities involving small molecules, antibodies, vaccines and cell/gene therapies. Treasury plans no covered-person list but proposes confidential evidence submissions; US parties retain diligence duties. It is not yet effective. Comments close Dec 7, 2026, before Treasury's review and final rules setting scope, exceptions and an effective date.

Our take: The draft revisits earlier scrutiny but challenges September's dovish view (link), adding uncertainty amid high rates and limited valuation support. Licensing appears less exposed absent investment/JV features. Covered US whole-company buyouts of China biotechs are prohibited; qualifying offshore buyouts remain excepted. NewCo/co-co remain the key uncertainty. If restrictions materialize, we expect globalization to continue through evolving partnerships and later-stage licensing, aligned with our view in Innovation Dawn 2.0. We prefer repeat monetizers to carry programs further and secure stronger terms.

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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Alexis Yan, CFA		
3SBio (1530.HK)	O (08/01/2025)	HK$13.63

Adicon Holdings Ltd (9860.HK)	O (08/03/2023)	HK$4.51
Aier Eye Hospital Group (300015.SZ)	U (07/08/2024)	Rmb8.14
Alibaba Health Information Technology (0241.HK)	U (05/28/2025)	HK$2.85
Angelalign Technology Inc (6699.HK)	E (03/17/2023)	HK$78.80
APT Medical Inc (688617.SS)	O (10/21/2025)	Rmb268.00
Beauty Farm Medical and Health Industry (2373.HK)	O (01/21/2026)	HK$16.59
Beijing Tiantan Biological Products Corp (600161.SS)	O (05/27/2024)	Rmb12.24
China Medical System (0867.HK)	E (05/16/2025)	HK$10.04
China Resources Boya Bio-pharmaceutical (300294.SZ)	E (05/27/2024)	Rmb14.03
CSPC Pharmaceutical Group (1093.HK)	O (08/15/2012)	HK$8.36
Dian Diagnostics Group Co Ltd (300244.SZ)	U (07/20/2026)	Rmb21.66
Fosun Pharmaceutical (2196.HK)	O (09/08/2025)	HK$16.27
Fosun Pharmaceutical (600196.SS)	O (09/08/2025)	Rmb23.18
Guangzhou Kingmed Diagnostics (603882.SS)	U (07/08/2024)	Rmb30.60
Gushengtang Holdings Ltd (2273.HK)	O (07/08/2024)	HK$26.82
Hansoh Pharmaceutical Group Co Ltd (3692.HK)	O (07/16/2019)	HK$31.86
Huadong Medicine Co Ltd (000963.SZ)	U (05/06/2024)	Rmb26.38
Hygeia Healthcare Holdings Co., Ltd. (6078.HK)	O (07/30/2020)	HK$9.10
Imeik Technology Development Co Ltd (300896.SZ)	U (01/21/2026)	Rmb98.73
JD Health International Inc. (6618.HK)	E (05/28/2025)	HK$37.98
Jiangsu Hengrui (600276.SS)	O (07/01/2025)	Rmb47.02
Jiangsu Hengrui (1276.HK)	O (07/01/2025)	HK$47.44
Jinxin Fertility Group Ltd (1951.HK)	U (07/14/2025)	HK$2.18
Medcaptain Medical Technology Co Ltd. (2041.HK)	O (10/14/2026)	HK$6.20
MicroPort Scientific Corp. (0853.HK)	E (09/25/2023)	HK$6.08
Mindray Bio-Medical (300760.SZ)	O (07/15/2020)	Rmb177.30
Nanjing Leads Biolabs Co Ltd (9887.HK)	O (09/16/2026)	HK$36.96
Peijia Medical Ltd (9996.HK)	O (06/18/2020)	HK$3.85
Ping An Healthcare and Technology (1833.HK)	E (05/28/2025)	HK$5.56
Shandong Weigao (1066.HK)	E (07/10/2020)	HK$3.19
Shanghai United Imaging Healthcare Co (688271.SS)	E (02/21/2025)	Rmb112.18
Shenzhen Edge Medical (2675.HK)	O (02/16/2026)	HK$31.06
Shenzhen New Industries (300832.SZ)	O (05/28/2024)	Rmb56.66
Sichuan Kelun Pharmaceutical Co Ltd (002422.SZ)	O (09/03/2026)	Rmb42.75
Simcere Pharmaceutical Group (2096.HK)	++	HK$10.38
Sino l (1177.HK)	O (04/09/2019)	HK$4.98
Zylox-Tonbridge Medical Technology Co. (2190.HK)	O (08/05/2021)	HK$19.79
Jack Lin		
Abbisko Cayman Ltd (2256.HK)	O (11/17/2021)	HK$7.04
Akeso, Inc. (9926.HK)	O (05/28/2020)	HK$83.90
Duality Biotherapeutics Inc (9606.HK)	O (05/22/2025)	HK$152.50
Everest Medicines Ltd (1952.HK)	E (03/15/2024)	HK$33.98
HUTCHMED (China) Ltd (0013.HK)	E (05/29/2026)	HK$22.34
HUTCHMED (China) Ltd (HCM.O)	E (05/29/2026)	US$14.28
InnoCare Pharma Ltd (9969.HK)	O (05/29/2026)	HK$11.75
Innovent Biologics Inc (1801.HK)	O (03/03/2026)	HK$81.60
Insilico Medicine (3696.HK)	O (02/03/2026)	HK$36.00
Keymed Biosciences Inc. (2162.HK)	O (08/10/2021)	HK$79.10
RemeGen Co., Ltd. (9995.HK)	E (05/08/2024)	HK$62.90
VISEN Pharmaceuticals (2561.HK)	O (04/29/2025)	HK$16.97
Zai Lab Ltd (ZLAB.O)	O (12/14/2023)	US$22.04
Zai Lab Ltd (9688.HK)	O (12/14/2023)	HK$17.84
Laurence Tam		
Acrobiosystems Co Ltd (301080.SZ)	U (10/14/2026)	Rmb88.08
Apeloa Pharmaceutical Co Ltd (000739.SZ)	O (02/28/2025)	Rmb19.68

Asymchem Laboratories. Inc (002821.SZ)	E (08/01/2025)	Rmb146.22
Asymchem Laboratories. Inc (6821.HK)	E (06/06/2023)	HK$119.80
Beijing Tongrentang (600085.SS)	U (11/03/2014)	Rmb24.64
Beijing Tongrentang Chinese Medicine (3613.HK)	O (01/14/2015)	HK$5.61
China National Accord Medicines Corp Ltd (000028.SZ)	U (07/25/2022)	Rmb20.64
China Resources Pharmaceutical Group Ltd (3320.HK)	O (06/16/2022)	HK$4.45
China Resources Sanjiu Medical & Pharma (000999.SZ)	O (08/30/2019)	Rmb24.78
China Traditional Chinese Medicine (0570.HK)	U (01/17/2025)	HK$1.14
DaShenLin Pharmaceutical (603233.SS)	O (07/25/2022)	Rmb18.16
Dong E E Jiao Co. (000423.SZ)	O (05/16/2024)	Rmb46.96
Fu Shou Yuan International Group Ltd (1448.HK)	E (03/19/2025)	HK$2.64
Genscript Biotech Corporation (1548.HK)	O (08/14/2024)	HK$32.88
Hangzhou Tigermed Consulting (300347.SZ)	E (10/06/2026)	Rmb48.80
Jiangzhong Pharmaceutical Co. Ltd. (600750.SS)	O (02/08/2024)	Rmb22.93
Joinn Laboratories China Co Ltd (603127.SS)	U (10/05/2026)	Rmb45.35
Joinn Laboratories China Co Ltd (6127.HK)	E (02/26/2024)	HK$23.58
Jointown Pharmaceutical Group (600998.SS)	U (07/26/2021)	Rmb4.89
LBX Pharmacy Chain (603883.SS)	O (03/14/2022)	Rmb14.31
Medtide (3880.HK)	E (08/06/2025)	HK$19.35
Nanjing King-friend Biochemical (603707.SS)	O (02/28/2025)	Rmb8.15
Pharmaron (3759.HK)	O (09/25/2024)	HK$26.06
Pharmaron (300759.SZ)	E (09/25/2024)	Rmb38.02
Shandong Xinhua Pharmaceutical Co Ltd (000756.SZ)	U (02/28/2025)	Rmb12.72
Shanghai Pharmaceutical (601607.SS)	E (08/17/2021)	Rmb16.17
Shanghai Pharmaceutical (2607.HK)	O (08/17/2021)	HK$10.88
Shenzhen Hepalink Pharmaceutical (002399.SZ)	U (06/16/2023)	Rmb9.27
Sinopharm Group (1099.HK)	O (02/10/2023)	HK$15.40
Tasly Pharmaceutical Group Co. Ltd (600535.SS)	E (07/19/2024)	Rmb13.78
The United Laboratories (3933.HK)	E (06/13/2017)	HK$6.90
Tofflon Science & Technology Group (300171.SZ)	E (09/11/2025)	Rmb13.69
WuXi AppTec Co Ltd (603259.SS)	O (01/17/2019)	Rmb144.72
WuXi AppTec Co Ltd (2359.HK)	O (01/17/2019)	HK$184.20
WuXi Biologics Cayman Inc (2269.HK)	O (07/17/2017)	HK$45.26
WuXi XDC Cayman Inc. (2268.HK)	O (12/22/2023)	HK$68.90
Yantai Dongcheng Biochemicals Co Ltd (002675.SZ)	E (02/28/2025)	Rmb13.40
Yifeng Pharmacy Chain Co Ltd (603939.SS)	O (07/25/2022)	Rmb25.36
Yixintang Pharmaceutical (002727.SZ)	E (07/25/2022)	Rmb12.69
Yunnan Baiyao Group (000538.SZ)	O (10/11/2021)	Rmb52.40
Zhangzhou Pientzehuang Pharmaceutical (600436.SS)	U (01/21/2022)	Rmb123.15
Zhejiang Hisun Pharmaceutical Co. Ltd. (600267.SS)	U (06/01/2023)	Rmb14.10
Zhejiang Huahai Pharmaceutical Co. Ltd. (600521.SS)	O (06/01/2023)	Rmb16.73
Zhejiang Jiuzhou Pharmaceutical Co Ltd (603456.SS)	E (02/28/2025)	Rmb15.98
Zhejiang Medicine Co. Ltd. (600216.SS)	E (02/28/2025)	Rmb11.91

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* Historical prices are not split adjusted.

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