

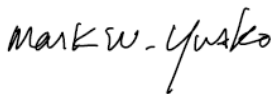
New China Perspectives



Welcome to the weekly issue of Morgan Creek's *New China Perspectives*. It is comprised of research from Morgan Creek's China-based investment team together with curated articles of interest. In addition to timely political and economic news covering greater China, Morgan Creek's China team seeks to provide in-depth perspectives on investing in the technology, consumer and healthcare sectors in the region. Our research leverages the "on the ground"

insights of our team together with Morgan Creek's decades-long experience in covering the region. Our team are focused, thematic investors primarily covering the technology, consumer, and healthcare sectors and investing in private companies and early-stage managers with deep local expertise. To learn more about our team and investment offerings, please email chinateam@morgancreekc.com.

Best Regards,



Mark W. Yusko
CEO & CIO

NOTES FROM THE BUND¹

Beginning this week, we will discuss the China investment environment we are currently facing, as well as both the challenges and investment opportunities we have identified within the current environment.

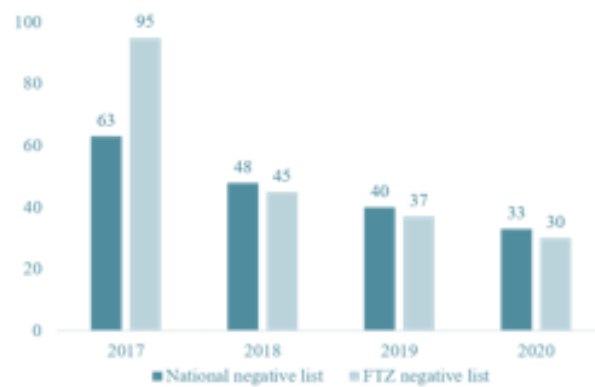
In 2020, China's economy recovered from a GDP decline of 6.8% in the first quarter due to the COVID-19 outbreak, following the decline with YoY growth of 3.2% in the second quarter, 4.9% in the third quarter and 6.5% in the fourth quarter². Post-pandemic China has emerged as a stronger economic powerhouse, as it achieved 2.3% annual growth in 2020 and was the only major economy with growth in 2020.



In addition to China's fundamental GDP growth, we also witnessed China strengthening itself in four key areas:

- 1. Trade: China Continues To Open Its Markets To Foreign Business/Investors**
 - World's largest trading nation; exports hit all-time high in September 2020³
 - Signed world's largest trade pact, RCEP⁴ in November 2020
 - Agreed on CAI⁵ with Europe in December 2020
 - China's investment negative lists continue to decline

Reductions in China's Administrative Measures Determining Access to Foreign Investment – Changes to Negative List

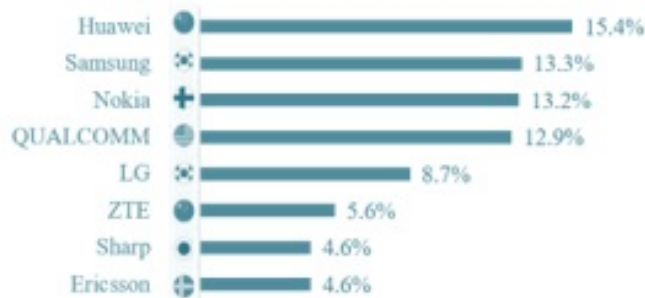


Source(s): China's 2020 new negative list signals further opening-up, China Briefing, Jul'2020

2. Technology: China Has Spent On Technology Research & Infrastructure

- National imperative to accelerate the buildout of 5G, industrial internet of things (IoT), and data centers.

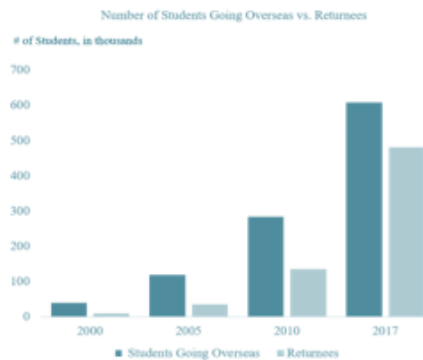
Companies with Global 5G Technology Patents (Feb 2021)



Source(s): Ipytics

3. Talent: Increasing Number of Overseas Chinese Returning Talent

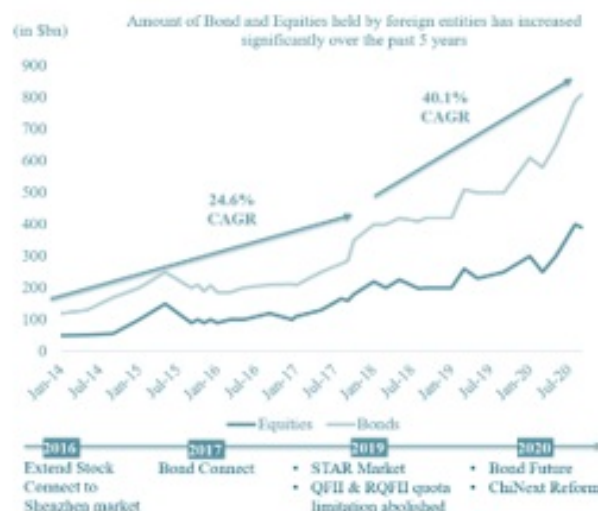
- This trend is expected to continue.



Source(s): Returning scientists and the emergence of China's science system, Journal of Science and Public Policy, Cao, Cong, Baas, Jeroen, Wagner, Caroline, Jonkers, Koen

4. Capital: Mainland Bourses and HKSE Had a Banner Year ⁶

- Foreign investment has been pouring into China's stock market.



Source(s): Economist.com; World Economic Forum; OECD; New York Times

Next week, we will continue this discussion and will focus on the challenges investors face when investing in China.

[Click here](#) to see back issues of New China Perspectives

CHINA NEWS SPOTLIGHT

ECONOMY

Chinese Central Bank Official Calls for Greater International Oversight of Digital Currencies: An official at the People's Bank of China (PBOC), China's top monetary authority, has called for more robust international management of state-backed digital currencies. This move comes amid a global race to develop and implement the first major, fully-fledged model of its kind. [Read more.](#)

China pledges vigorous efforts for high-quality development of education: China is committed to ensuring high-quality development throughout various stages and the entire process of education during the 14th Five-Year Plan period (2021-2025), a senior official said Wednesday. [Read more.](#)

PRIVATE EQUITY & VENTURE CAPITAL

China's Q&A Site Zhihu To Price US Listing at \$9.50 Per Share, Sources Say: China's largest question-and-answer platform Zhihu will price 55 million shares to be issued Friday at \$9.50 each, aiming to launch a \$522.5 million initial public offering (IPO) in the US, according to people familiar with the matter, Sina Finance reported. [Read more.](#)

Bilibili Set to Raise \$2.6B in Secondary Hong Kong Listing at HK\$808 Per Share: Chinese video streaming platform Bilibili is set to raise HK\$20.2 billion (\$2.6 billion) from a secondary listing in Hong Kong, the company confirmed. [Read more.](#)

TECHNOLOGY & CONSUMER

Food Delivery Giant Meituan Sinks Into The Red Amid Expansion Into Community Group Buying: Meituan, China's largest food delivery platform, has sunk into the red with a net loss of CNY2.24 billion for its fourth quarter ended Dec 31 as the company continues to invest heavily in community group buying business that relies heavily on subsidies. [Read more.](#)

ByteDance Said to Consider IPO for Douyin in Hong Kong or New York, Increasing Its Valuation to Nearly \$400 Billion: TikTok owner ByteDance is planning to launch an offshore public listing for short video app Douyin, the Chinese version of TikTok, which could value the company at roughly \$400 billion in the private market, according to people with knowledge on the matter. [Read more.](#)

HEALTHCARE

Harbour BioMed revenue jumps 160% for FY2020: Hong Kong-listed Chinese biotech HBM Holdings Limited, also known as Harbour BioMed, released its full-year financial results for 2020 on Tuesday, which showed the company's revenue for the fiscal year ending on Dec 31 hit \$14.1 million, increasing 160 percent year-on-year from \$5.4 million in the 2019 fiscal year. [Read more.](#)

Qihan Biotech Raises Additional USD 67 Million in Series A++ Financing: Qihan Biotechnology Co. Ltd ("Qihan" or "the Company"), a leader in applying multiplexable genome editing technology to cell therapies and organ transplantation, announced today that it has raised an additional \$67 million in Series A++ financing. Proceeds from the financing will primarily be used to advance Qihan's pipeline of novel cell therapies in IND-enabling studies and hypimmunity projects, and expansion of the company's GMP manufacturing facilities. [Read more.](#)

¹ The Bund is a historic waterfront area in central Shanghai, where Morgan Creek's office is located. From the 1860s to the 1930s, it was the rich and powerful center of the foreign establishment in Shanghai, operating as a legally protected treaty port. The picture above is part of the historical waterfront.

² S&P Global.

³ Trading Economics.

⁴ Regional Comprehensive Economic Partnership.

⁵ Comprehensive Agreement on Investments.

Important Disclosures

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