

BUSINESS

Striking the right chord



Visitors check out handcrafted acoustic guitars at a guitar industrial park in Yongzhou's Dong'an county, Central China's Hunan province, on Monday. The park boasts a complete guitar manufacturing chain, home to more than 30 musical instrument manufacturers and supporting upstream and downstream enterprises. The industrial base produces a full range of guitar products with an annual output of over 500,000 guitars in 2025 that were exported to more than 60 countries and regions worldwide. ZHAO ZHONGZHI / XINHUA

Metis TechBio records HK's largest healthcare IPO in '26

Company's float signals maturing AI pharma with diversified biz models

By LI JING
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Chinese mainland's artificial intelligence drug-delivery developer Metis TechBio Co Ltd raised more than HK\$2.1 billion (\$270 million) in its Hong Kong initial public offering on Wednesday, marking the largest healthcare listing in Hong Kong so far this year and underscoring strong investor interest in how AI could reshape pharmaceutical development.

Founded six years ago, the Beijing-based biotech firm issued about 201.2 million H shares in its global offering. Chris Lai, the company's co-founder and CEO, said the listing would help accelerate the company's goal of applying AI-driven nanotechnology to enable targeted drug delivery and new therapeutic approaches.

The listing places Metis alongside two earlier Hong Kong-listed peers — XtalPi Holdings Ltd and Insilico Medicine Cayman TopCo — referred to as Hong Kong's "AI drug discovery trio", though the companies pursue different commercial strategies in the rapidly evolving sector. XtalPi is a Shenzhen, Guangdong province-based AI drug discovery company, while Insilico Medicine is a global AI-driven biotech firm with strong research roots in China.

AI has attracted billions of dollars globally as pharmaceutical companies seek to shorten drug development timelines, but the industry is still testing whether

these technologies can generate sustainable revenues.

China's AI drug discovery sector is moving from laboratory experimentation toward early commercial validation, said Tian Lihui, a finance professor at Nankai University.

According to consultancy iMedia Research, the sector's revenue expanded from about 70 million yuan (\$9.7 million) in 2019 to more than 600 million yuan by 2025, reflecting rapid growth in AI-driven drug development in China.

Early financial milestones among industry peers reflect that shift. XtalPi reported its first annual profit in 2025, while Insilico — though still loss-making — has begun generating tens of millions of dollars in revenue from licensing deals and research collaborations.

"The key question for the industry is no longer whether the technology works," Tian said. "It is how to turn it into scalable profit."

Metis has taken a different route from its peers by focusing on nanotechnology-based drug delivery, a technically complex step in turning promising molecules into effective medicines.

Efficient delivery systems determine whether drugs can reach targeted tissues while minimizing side effects — a challenge highlighted during the development of mRNA vaccines and other next-generation therapies.

"Large-molecule drugs are becoming increasingly important, and effective delivery is a core bottleneck," said Liu Jing, professor of

accounting and finance at Cheung Kong Graduate School of Business.

"AI gives companies like Metis an opportunity to narrow the technological gap with established Western leaders."

Metis' core platform, NanoForge, combines AI models, molecular simulation and high-throughput screening to design lipid nanoparticles and other nanomaterial drug carriers.

According to its prospectus, the platform has generated more than 10 pipeline programs, including several clinical-stage candidates. Its most advanced candidate, MTS-004, has completed Phase III clinical trials in China for pseudobulbar affect, a neurological disorder for which there are currently limited treatment options domestically, said the company.

Like many biotech startups, Metis is still in a heavy investment phase.

Revenue rose to 105 million yuan in 2025 from 1.5 million yuan a year earlier, largely due to an upfront payment tied to licensing rights for MTS-004.

The company reported a net loss of 392 million yuan in 2025, narrowing from 499 million yuan the previous year.

The company said about half of the IPO proceeds will fund expansion of its AI infrastructure and nanomaterial platform, while roughly 20 percent will fund ongoing and planned clinical trials.

Metis' listing also highlights how the AI pharma sector is diverging into several business models.

One approach, represented by XtalPi, treats AI primarily as a tech platform, providing computational research services and automated

laboratory capabilities to pharmaceutical clients.

Insilico has adopted an AI-bio-tech strategy, using algorithms to design new drug candidates and advancing them into clinical trials before licensing them to pharmaceutical partners — a strategy with higher potential rewards but also higher financial risks.

Metis represents a more specialized strategy, applying AI specifically to the drug-delivery layer rather than the entire discovery pipeline.

"These paths reflect a broader debate between platform strategies and vertical specialization," Tian said, adding that companies capable of integrating both approaches may ultimately build stronger competitive advantages.

Despite renewed enthusiasm for AI drug development, analysts say capital markets are becoming more selective.

"Valuations are no longer driven purely by technological narratives," Tian said. "Investors are increasingly looking at clinical pipelines, partnerships with major pharmaceutical companies and tangible commercial contracts."

Metis' IPO attracted heavy demand, with the Hong Kong public tranche more than 6,900 times oversubscribed and the international placement 82 times oversubscribed, the company said.

The offering drew several cornerstone investors, including BlackRock, which subscribed about \$50 million, as well as a State-backed investment fund under China Reform Holdings, which made its first investment in an AI pharma company.

Zero-tariff policy boosts Hunan-Africa biz ties

CHANGSHA — When more than 6,000 bottles of South African wine cleared customs at Changsha Huanghua International Airport in Central China's Hunan province on May 1, the importer received an immediate benefit from China's expanded tariff-free treatment for African goods, which amounted to 21,000 yuan (\$3,093) in duty savings.

According to Zhang Xin, chairman of Hunan Express Wisdom Information Technology Co Ltd, South African wine was previously subject to a 14 percent tariff in China. Now that the tariff has been slashed to zero, the company anticipates an annual cost reduction of about 5 million yuan.

This shipment was among the first in Hunan to benefit after China expanded zero-tariff treatment to goods from all 53 African countries with which it has diplomatic relations, broadening an earlier policy that covered the least-developed countries among them.

Under the upgraded policy, China has become the first major economy to offer unilateral, across-the-board zero-tariff treatment to all its African diplomatic partners and to all least-developed countries with which it has diplomatic relations.

For this inland Chinese province, one of the country's busiest regional players in terms of trade with Africa, the tariff cut is more than just a customs adjustment. Local officials and companies see it as a way to lower import costs and draw more African raw materials and consumer goods through Hunan, including some products bound for re-export.

Hunan has spent years trying to position itself as an inland gateway for China-Africa commerce, using the China-Africa Economic and Trade Expo and pilot zone for in-depth China-Africa economic and trade cooperation as its main platforms. The province's trade with Africa has grown by an average of 15 percent a year to 58 billion yuan, ranking first among provinces in central and western China.

The latest move follows an earlier policy that took effect on Dec 1, 2024, when China granted zero-tariff treatment on all tariff lines to the least-developed countries with which it has diplomatic ties, including 33 African countries.

From that day to March 31, Changsha Customs processed around 26.98 million yuan in tariff reductions for Hunan imports from those least-developed African countries.

The policy has, notably, coincided with stronger import growth. Hunan's imports from Africa rose 27.2 percent year-on-year to 30.92 billion yuan in 2025. In the first four months of 2026, its total trade with Africa reached 18.16 billion

yuan, up 8.8 percent from a year earlier, with imports increasing 29.4 percent to 10.41 billion yuan.

The new broader coverage could have a bigger effect because it involves several of Hunan's main African suppliers, including Kenya, South Africa, Nigeria, Morocco and Tunisia. Between January 2025 and March 2026, imports from these five countries accounted for 98.1 percent of the total tariffs collected from Hunan's imports from Africa.

Lan Shengbin, deputy head of Changsha Customs, said some Hunan manufacturers had previously paid tariffs of 7 to 10 percent on components from countries such as Tunisia, Morocco and Egypt. Removing such duties will lower production costs and help companies diversify their supply chains, he said.

Hunan is trying to turn its tariff savings into a broader trade model, using the province as a point for importing, processing and redistributing African goods, including some products re-exported overseas.

One example came in July 2024, when 400 fresh roses from Kenya were imported into Changsha and then re-exported through the Changsha Huanghua Comprehensive Bonded Zone to Uzbekistan. It was China's first re-export transaction involving African fresh flowers, according to Changsha Customs.

Hunan Xiyue Culture Media Co Ltd, the importer, now brings in flowers, fruit and ornamental fish from Africa, some of which are shipped on to overseas markets.

Huang Zinan, a company executive, said the tariff cuts would reduce import costs, improve cash flow and allow African products to be sold at more competitive prices.

Consumer goods are another target. During the May Day holiday, an African goods market in Changsha drew approximately 89,000 visitors over six days. Organizers said lower import costs for raw materials had allowed prices to be reduced on some products, including chocolate made with Ghanaian cocoa, shea-butter products from Mali and coffee from Zambia.

Hunan Yufei Industry Investment Co Ltd, which helped organize the market, said its Quality African Products brand now covers more than 400 products from 13 African countries, ranging from coffee and avocados to spices.

Hunan authorities are seeking to turn the tariff change into a wider trade push. In late April, the provincial commerce department announced seven measures covering expanded imports from Africa, overseas warehouse services, industrial capacity cooperation and more China-Africa Economic and Trade Expo activities in African countries.

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An African goods market is pictured during the May Day holiday in Changsha, Hunan province, on May 1. DENG YILIN / XINHUA

Major PV project launched to directly power computing facilities

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China has officially launched its first large-scale computing-electricity synergy project with direct green power supply, marking a milestone in the nation's massive commitment to building a unified, nationwide computing network by physically linking desert renewable energy directly to digital infrastructure.

The 500,000-kilowatt photovoltaic power station located in the Ningxia Hui autonomous region began operations recently. It signifies the first time that wind and solar resources

from China's vast deserts are being funneled directly into data center loads through dedicated transmission lines, bypassing the traditional detours of the national power grid.

The facility is part of a larger 2-million-kW first-phase development involving a total investment of 8.7 billion yuan (\$1.28 billion), which includes 1.5 million kW of wind power scheduled for full integration by September.

China established the "East Data, West Computing" initiative in 2022, a mega data project aimed at accelerating the development of an integrated national computing network.

Once the first phase is fully operational, it will provide 2.29 billion kilowatt-hours of green electricity annually to the large computing base in Zhongwei, Ningxia.

At the heart of this project is the concept of "direct green power supply". Traditionally, renewable energy is fed into the public grid, where it mixes with coal-fired power before reaching consumers. Direct supply, however, utilizes dedicated "point-to-point" transmission lines and "dual-track" supply systems.

In the Zhongwei project, new data center loads are served via physical direct lines, while existing

loads utilize bilateral market trading. This setup allows data centers to achieve a high "green power ratio" while significantly reducing transmission costs and carbon footprints.

To ensure stability, the project employs a wind-solar complementary model that sees PV power dominate during the day, while wind power takes over at night. It is supported by on-site energy storage to smooth out fluctuations.

The launch coincides with the nation's efforts to synchronize energy and digital strategies. The National Energy Administration recently said

it would permit renewable energy projects to supply green electricity directly to multiple users via dedicated lines.

According to the NEA, new policies will be released in the near future to perfect these synergy frameworks, guiding the relocation of energy-intensive computing facilities to regions rich in renewable resources, such as Ningxia Hui and Inner Mongolia autonomous regions.

Experts believe the Zhongwei project provides a blueprint for the rest of the country.

"By establishing a direct physical link between the energy source and

digital load, we are solving the geographical mismatch between where energy is produced and where data is processed," said Lin Boqiang, head of the China Institute for Studies in Energy Policy at Xiamen University. "This not only lowers the power usage effectiveness of data centers, but also insulates the digital economy from electricity price fluctuations."

Looking ahead, the Zhongwei project plans a second phase that will bring total capacity to 4.6 million kW with a total investment of nearly 20 billion yuan.

As China continues to expand its digital infrastructure, the synergy between "bits" and "watts" is set to become the primary engine driving the nation's high-quality, low-carbon development, Lin said.