Rongjin Lin – Chairman, Center Ventures, Taiwan



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20.06.2019

Tags: Taiwan, Investment, Biotech, Center Ventures

Rongjin Lin, chairman of Center Ventures and Center Laboratories shares his story of how he revived Center Laboratories from the brink of bankruptcy and repositioned the pharmaceutical company to become one of Taiwan's leading biotechnology capital funds. Lin goes on to share his view on the Taiwanese biotech investment landscape, regional opportunities, and vision for the group's future.

Mr Lin, you have a longstanding career as a leader in Taiwan's biotech industry. Can you please begin introducing yourself and the story of Center Ventures?

I started my career when I joined TTY Biopharm to restructure the company after it went bankrupt. TTY was a very diversified, pure generic player which did not work in a small market like Taiwan. Therefore, I cut 190 products out of the portfolio and shut down most of the seven production lines. At the time, Center Laboratories was in a similar situation to TTY, except much smaller in scale. I decided to shift TTY's oral liquid dosage production to Center Lab and shut down the rest of Center's production operations. This gave each company a niche to focus on – Center Lab had liquid dosage and TTY was transformed into a branded generic and category leader in oncology. Four years later in 2003, Center Lab IPOed in Taiwan.

At this moment, we IPOed with very little capital – USD 3.5 million dollars with a market cap of USD seven million. That is the benefit of IPOing in Taiwan, the cost is very low – 30 times cheaper than

in Hong Kong for example. However, Taiwan is a very small market and by 2006 Center Lab already had a 60 percent market share in liquid dosage and at this point, Center Lab's turnover was at nearly USD 15 million – I needed to make a decision.

It was too late to try and compete with other generics players in Taiwan and the manufacturing and logistics infrastructure in China was still not developed enough for liquid dosage, so instead, we looked for an opportunity to leverage the business in Europe. Unfortunately, after trying to find a way to acquire a pharmaceutical player in Hungary, I realized that Center Lab was still not powerful enough or did not have the know-how to manage internationally. With only a few options left, I decided perhaps it would be worthwhile to enter into the biotech industry.

In 2008, with over 70 percent market share and strong positive cash flow, I repositioned Center Lab into a biotechnology industrial bank. With our own capital of USD 15 million, I invited investors to raise funds and brought our total to USD 30 million which is still little money. Investing in biotechnology is very unique compared to standard financial VC's who diversify their portfolios, only investing 20 to 30 percent to hope that one succeeds to recover losses. I decided to invest in only a few early, high-risk stage projects at about ten percent. Center is not a pure financial VC, but more of a capital fund that is also supporting through management.

Our first investment was into PharmaEngine which several years later became a success story. Additionally, we invested in ten other corporations including Mycenax Biotech, Brim Biotechnology, and Eusol, most of which are IPOed today. Most of the companies were close to bankruptcy, but I was able to step in, restructure, and turn them around.

What strategy do you follow when building Center Venture's investment portfolio?

When considering how to build Center's investment portfolio I consider what Taiwan's needs are. I identified a gap in drug development, so I invested in PharmaEngine. This was the same when it came to medical devices when I invested in Medeon. The strategy of Center is to create synergies and build an ecosystem within Taiwan.

When it came to finding an investment in sales and marketing, the best opportunity was to go to China due to Taiwan's small market size. In 2010, we invested in TOT Biopharm, a biopharmaceutical company specializing in the development, manufacture, and commercialization of oncology drugs. TOT will be IPOed later this year in Hong Kong.

Now, Center has all the competencies of drug development in Taiwan including small molecule, biologics, and cell therapy.

Being in such a dynamic biotech environment, how can Taiwan remain competitive alongside a powerhouse like China?

I do not believe that Taiwan can truly be in competition with China or Hong Kong. For example, Center Ventures helped launch Lumosa Therapeutics Co., Ltd. with the merge of SunTen Phytotech Co., Ltd., Cheng Pang Biopharma Company, and BroadCan Company. With this merge, Lumosa had three assets in the early, middle, and late clinical development stages, so with the Taiwanese government's IPO regulation amendment, the company was able to go public in 2016 without any revenues and still raise funds. However, China and Hong Kong have followed in these footsteps and Taiwan's competitive advantage in this area no longer exists.

Taiwan faces an impossible challenge in its small market size. Many pharma MNCs are not interested in co-developing or licensing a product until the late stages of development as the losses of a small biotech are significantly less should trials fail. However, global phase III trials are tremendously expensive and Taiwan's stock market is too small to support these activities. For this reason, having access to outside resources and support is crucial even for larger Taiwanese companies. Taking Center Lab for example, despite being focused on products with high unmet medical needs, it is still difficult for us to create an international footprint on our own.

In Taiwan, the quality of academia and the integrity of data is excellent. There is a high level of transparency and trustworthiness, with plenty of support to help nurture the beginning phases of a biotech company. However, to truly reach full potential and operate on a worldwide scale, acquiring global funding is crucial to support growth.

What opportunities exist for Taiwan with having China as a neighbour who shares the same language?

I see China as an excellent opportunity for cooperation in Taiwan, especially when it comes to clinical trials and data. For example, to collect just 100 patients for a stroke trial in Taiwan would take several years – our patient pool is too small. I believe that we should try to win together in the world and be able to share our resources for early phase trials. Taiwan needs China's patient population and as long as we are both able to follow global guidelines of the International Council

for Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), this could be mutually beneficial. Then later on the biotech's in Taiwan can still license out to European and US companies for marketing and sales.

Where do you expect to see Center Ventures in the future?

Moving forward, we will continue to build our portfolio, but not from scratch with small companies. Our aim is to invest in larger projects that have high globalization potential. Furthermore, Center Ventures is beginning to expand and explore investment opportunities into new industries such as ICT, technology, and green energy. In 2025, my goal is to have brought eight of Center's portfolio companies public with a market cap of at least USD one billion.

After so many years in the industry, what is the motivation that keeps you going?

Many people think I did not enjoy my life and that I am too busy. In fact, this is what keeps me young in life. I enjoy the work that I am doing, for me, building investments and restructuring companies is an art. Whether in business or life, being dynamic, open to change, and thinking about what is next is the key to success.

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