

Biotech and Medical Innovation Overview of Developments in Hong Kong and Greater Bay Area for US Businesses³

Asia Society Texas Center

Stephen Phillips
Director General
Investment Promotion

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OVERVIEW.

- Hong Kong's Dynamic Business Environment
- Key Drivers of Commercial Growth
- Biotech and medical environment
- How InvestHK can Help

HEART of ASIA ■

Over 100 airlines operate flights to over 220 destinations worldwide, including over 50 Mainland cities

**The busiest air cargo airport in the world
– 4.94 million tonnes of cargo handled in
2017 (Airport Authority Hong Kong)**



Connectivity and excellence

4hours

Most of Asia's key markets
within four hours' flight time

5hours

From half the
world's population



ONE
COUNTRY

TWO
SYSTEMS. ■

LOW & SIMPLE TAX SYSTEM.

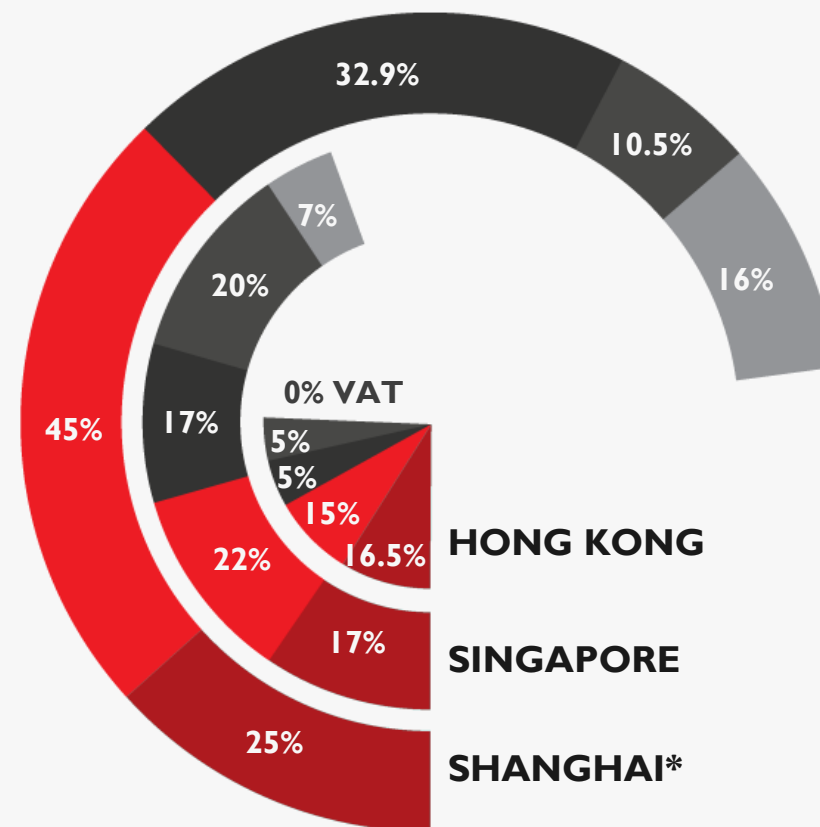
Two-tiered tax system

8.25%

First HK\$2M of Profits

16.5%

Profits Above HK\$2M



- Corporate Income
- Personal Income
- Employer Social Security
- Employee Social Security
- VAT

* There is no standard rate across the Mainland China. Shanghai is used as an example.



- X VAT/GST/Sales tax
- X Capital Gains Tax
- X Withholding tax on investments
- X Estate duty
- X Global taxation
- X Wine duty



Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with **40** jurisdictions.



Negotiations with **11** jurisdictions are in progress.

(as of May 2018)

SECTOR OPPORTUNITIES & PRIORITIES. ■



■ Business & Professional Services



■ Financial Services



■ Innovation & Technology



■ Consumer Products



■ Transport & Industrial



■ Creative Industries



■ FinTech



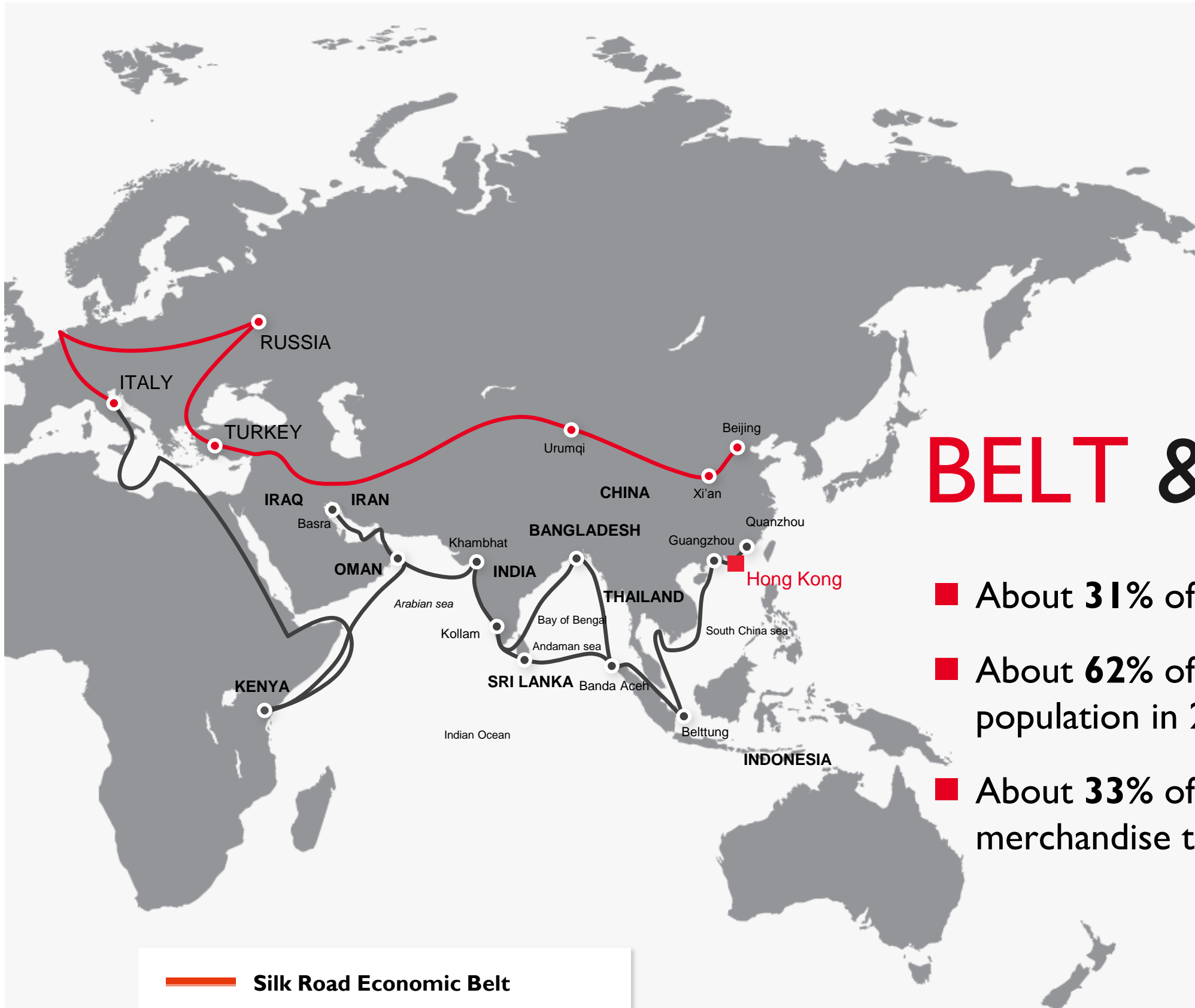
■ Tourism & Hospitality

BELT & ROAD.

- About **31%** of global GDP in 2016
- About **62%** of the world's population in 2016
- About **33%** of the world's total merchandise trade in 2016

— Silk Road Economic Belt
— 21st Century Maritime Road

Sources: China-US Focus, Xinhua Finance Agency





BAY AREA ■

POPULATION

68mn

>UK, Italy, South Africa

LAND AREA

56,000km²

>Ireland, Latvia, Panama, West Virginia (US)

GDP

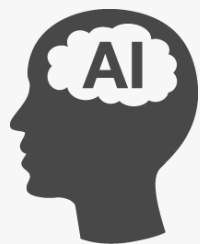
US\$1.5trillion

>Indonesia, Netherlands, Turkey

- Comprises Hong Kong, Macao and nine Guangdong cities
- To promote economic integration in the area and to develop external links in order to establish a significant position in the global economy
- B2B and B2C opportunities
- Connectivity

POLICY DIRECTIONS ■

INNOVATION & R&D



AI and robotics



Smart city



FinTech



Biomedicine/
healthy aging

- To double gross domestic spending on R&D in GDP from **0.73%**  **1.5%**
- To mitigate the impact of Hong Kong's ageing population, increase the use of technology to support **healthy ageing**. Hong Kong is at **top of longevity rankings** in the world, the life expectancies for males and females increased to 81.7 years and 87.7 years respectively in 2017. The **percentage of population over 65 will be over 30% by 2036**, reaching 36.6% by 2066.

**Projected
Population 65+**

36.6% (2066)

16.6% (2016)

HEALTHCARE AND TECHNOLOGY

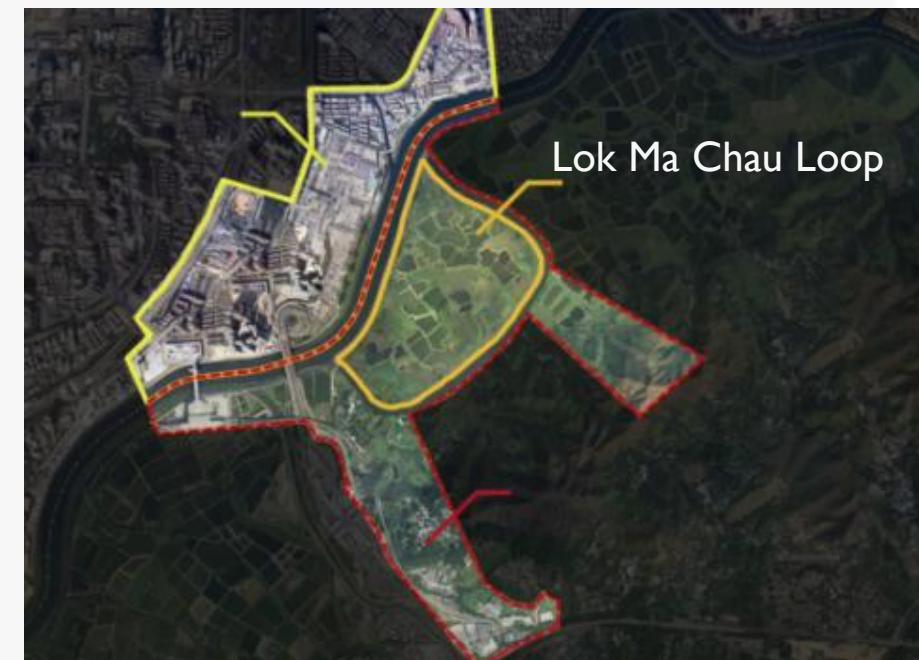
POLICY ENVIRONMENT ■

- Significant public investment into healthcare system
- **USD40 bn** to support the second 10-year hospital development plan, improve clinic facilities, etc. (The Hospital Authority started the **USD25 bn** first 10-year hospital development plan since 2016).
- Set up a **USD600 m** Fund to promote gerontechnology and to subsidise elderly service units to trial use and procure technology products.
- **USD65 m** fund to promote development of Chinese medicine

INCREASED RESOURCES FOR R&D ■

Total **USD6.5 bn** to support I&T development

- **USD2.6 bn** for first phase development of **Hong Kong-Shenzhen Innovation and Technology Park (Lok Ma Chau Loop)**
- **USD2.6 bn** to support the establishment of 2 research clusters on **health technologies** and on AI and robotics technologies.
- **USD 1.3 bn** to **Hong Kong Science and Technology Park** and **USD25 m** to **Cyberport** to support businesses.
- **USD 1.3 bn** into **Innovation and Technology Fund (ITF)**



SUPER TAX DEDUCTION ■



For R&D Expenditures-

- 300% tax deduction for private enterprises on the first HK\$2 million (ca USD250k) of qualified R&D expenditure
- additional expenditure attracting a 200% deduction

BIOMEDICAL R&D INFRASTRUCTURE ■

Six research based universities
Two top medical schools in Asia

Clinical Trials Centers

ICH compliance and CFDA accredited



World class R&D institutes in Hong Kong

Institut Pasteur Karolinska Institutet
Guangzhou Institutes of Biomedicine and Health

Hong Kong Science Park

provides support and lab services.



FINANCING

LISTING OF BIOTECH COMPANIES ■

HKEX implemented new Main Board Rules on 30 April 2018 , including a Biotech Chapter to allow listing of **pre-revenue, pre-profit** biotech companies.



Attract R&D focused Biotech companies

- At least one Core Product beyond concept stage (e.g. completed FDA Phase I)
- Market cap \geq HK\$1.5bn
- Primarily engaged in R&D to develop Core Product(s)
- Meaningful third party investment from sophisticated investors

SUCCESS STORY – KAROLINSKA INSTITUTET ■

- Set up its first research hub outside Sweden, the Ming Wai Lau Centre for Reparative Medicine (MWLC) in the Hong Kong Science Park.
- Consists of four scientific teams. They are establishing research partnerships with top universities in Hong Kong, KI in Sweden as well as scientific communities globally



SUCCESS STORY – GRAIL ■

- Prof Dennis Lo, the first scientist to discover the presence of circulating fetal DNA in a pregnant mother's blood, found Cirina in 2014, developing innovative blood-plasma tests to detect deadly diseases at their earliest stages.
- Cirina merged with GRAIL Inc., which develops blood test for early stage cancer detection, (an Illumina spin-out, backed by Bill Gates, Bezos Expeditions, and Arch Venture Partners) in 2017.
- Grail develops and commercializes liquid biopsy tests for cancer in Asian and Western markets.



STARTMEUPHK FESTIVAL 2019



START ME UP HK FESTIVAL 2019

startmeup.hk

21.01.19–25.01.19

DEFINE WHAT'S NEXT

6500 ATTENDEES
195 SPEAKERS
40 COUNTRIES

MARK YOUR DIARIES!

The StartmeupHK Festival 2019 will take place from 21st January to 25th January 2019. This celebration of technology innovation will bring together world-renowned speakers, ambitious founders, celebrated investors and industry stalwarts for five days of learning and sharing. Join us and experience the shaping of our collective future in Asia's most exciting city.

Events will cover:

FINTECH

SMART CITY TECH

RETAIL & LOGISTICS TECH

HEALTHTECH

IoT & SMART MATERIALS

Conferences | Panel Discussions | Fireside Chats | Workshops | Demos | Hackathons | Job Fairs | Services Marketplace
Investor Pitches | Networking Meets

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HOW WE CAN HELP YOU GROW ■

Whether you are new to Hong Kong or a long-standing investor



Planning

Information to aid
planning and
evaluation

Set-Up

Facilitation of visa
applications, schooling

Launch

Networking events,
introduction to
service providers

Expansion

PR and marketing
support for launch/
expansion



GET in TOUCH

Stephen Phillips

stephen.phillips@investhk.gov.hk



WeChat ID: INVEST_HK



e.weibo.com/investhk



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investhk.gov.hk



(852) 3107 1000



enq@investhk.gov.hk



25/F, Fairmont House,
8 Cotton Tree Drive,
Central, Hong Kong