

Speech by CE at 2nd HKEx Biotech Summit (English only) (with photo/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the 2nd HKEx Biotech Summit this morning (May 29):

Laura (Chairman of the Hong Kong Exchanges and Clearing Limited (HKEx), Mrs Laura M Cha), Charles (Chief Executive of HKEx, Mr Charles Li), distinguished speakers, ladies and gentlemen,

Good morning. I'm pleased to join you here today for the second edition of HKEx Biotech Summit.

Based on the huge success of the first edition last year, I was told that HKEx has expanded the scale of the event this year. This second Summit is part of the inaugural HKEx Biotech Week. More than 1 000 related professionals – from biotech and pharma companies, to biotech investors and analysts, regulators, academics, health-related big-data companies and more – are here in Hong Kong this week from the Mainland and from all over the world. Let me first extend to all of you a very warm welcome. Hong Kong is now the world's second largest funding hub for biotech. I naturally hope to see one day we will become the world's number one. Hong Kong was ranked the world's freest economy by the Heritage Foundation and the Fraser Institute for many years, and more recently, Hong Kong took the global first position in terms of economic openness assessed by the Legatum Institute in its inaugural index. And Hong Kong stayed firmly as the world's number two in terms of competitiveness according to IMD's World Competitiveness Yearbook 2019 released yesterday. The same strengths in the rule of law, judicial independence, rights and freedoms as well as the favourable business environment and international connectivity that win us those laurels are equally conducive to the biotech industry development in Hong Kong. But I realise we need to adopt more specific measures.

Innovation and technology (I&T) is, therefore, at the top of my Government's policy agenda. In less than two years since I took office, we have invested some HK\$100 billion or US\$13 billion, rolling out a variety of ground-breaking measures to fast-track our I&T sector and showcase it to the world. These measures range from infrastructure to talent admission, from the Government's own technology venture fund to providing super tax deductions for companies' R&D expenditure. Within the HKSAR Government, technology is now embraced through adopting a pro-innovation government procurement policy, opening up public data for research, encouraging departments to apply technology more aggressively. I am personally chairing a steering committee to ensure that these I&T initiatives are effectively implemented.

Biotechnology is one area of I&T in which Hong Kong enjoys notable

strengths. We're blessed with world-class universities, with four of them ranked among the world's top 60. We have two world-renowned medical schools, ranked amongst the world's top 50. They offer strong research capabilities in biotech, and they have vast experience and networks for creating partnerships with prominent universities, research institutions and technology-based companies from all over the world. This is evident from our recent work in the establishment of two world-class research clusters at the Hong Kong Science Park, our flagship technology centre.

The establishment of these two research clusters, one on healthcare and the other on artificial intelligence and robotics, is one of our major initiatives announced last year to further enhance Hong Kong's research capabilities. The idea is to converge top-notch universities and researchers from all over the world here in Hong Kong to conduct world-class and impactful collaborative researches with our local institutions. I am pleased to say that the response to date has been encouraging. We have received close to 50 proposals, with more than half of them on healthcare technologies. They involve really top-notch institutions from around the world. We expect that the first research institutions will be setting up their laboratories here before the end of this year.

My Government also funds biotech R&D through our Innovation and Technology Fund. At the end of January, more than 500 projects related to biotech had been approved by the Fund, receiving funding totalling about US\$130 million. Project areas range from stem-cell therapy and molecular diagnostics to the modernisation of traditional Chinese medicine and biopharmaceutical manufacturing.

We are also opening up government data to encourage R&D. One important data source is our Hospital Authority. As the major provider of public healthcare services in Hong Kong, the Hospital Authority serves around 90 per cent of in-patient needs and around 30 per cent of outpatient services in Hong Kong. Armed by its strong database with more than 280 terabytes of patient data accumulated over 25 years, the Hospital Authority is establishing a Big Data Analytics Platform to stimulate biotechnology research. It has recently set up a Data Collaboration Laboratory on a pilot basis, offering more flexible and interactive data sharing through the Hospital Authority.

We are also playing an increasingly important role in conducting human clinical trials. Over the years, the Department of Health has put in place various facilitation measures to promote Hong Kong as a clinical trial hub, including streamlining and simplifying the application procedures and by providing advice throughout the application process. We also have strong support from the Mainland authorities in this regard. At present, the National Medical Products Administration of China recognises clinical trials data from over 30 specialties at the Queen Mary Hospital, the Prince of Wales Hospital, the Hong Kong Eye Hospital and the Hong Kong Sanatorium and Hospital for the purpose of drug registration in China. This enables Hong Kong to serve as a platform for local and multinational pharmaceutical companies to venture into the Chinese market. The Government, including

myself, will actively promote Hong Kong to pharmaceutical companies. Indeed, since I took office in July 2017, I have already met the senior management of a number of pharmaceutical companies, including Roche, Merck, GSK and Novartis. If there are other pharmaceutical companies in the audience, you can just give me a ring and I'm happy to meet.

We are strengthening our co-operation with the Mainland authorities in this regard. Earlier this month, our Food and Health Bureau has signed a co-operation agreement with the National Medical Products Administration of China on regulation of drugs. The two parties will be in regular dialogue to explore collaboration in such areas as clinical trial and the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

Apart from clinical trial, we are working hard in the area of genomic medicine. Genomic medicine is an important sphere in contemporary medicine and scientific research, with huge potential in screening, diagnosis and precision medicine. To seize the potential, we established in late 2017 a Steering Committee on Genomic Medicine chaired by Professor Raymond Liang to lead the study on strategies for developing genomic medicine in Hong Kong.

We have also decided to allocate about HK\$1.2 billion to take forward a large-scale genome sequencing project, which would be named the Hong Kong Genome Project. The project will cater for future medical development in Hong Kong by establishing the genome data of the local population, testing infrastructure and talent pool. We aim to perform 40 000 to 50 000 whole genome sequencing in the next six years. The pilot phase would cover undiagnosed disorders and cancers, with clinical clues linked to possible hereditary genetic components. We have set up a working group comprising experts from the clinical, academic and research sectors to finalise the relevant framework.

To ensure that we have the needed talent to sustain our I&T development, we have been providing and promoting science and technology education in our schools at every level, from primary and secondary through to our post-secondary institutions and technical colleges. We have also launched admission schemes to help our enterprises recruit talent from the Mainland and overseas.

Our universities, our research capability and our talent that I mentioned just now will make Hong Kong a very good R&D centre, but for Hong Kong to become an international I&T hub, we need to provide an enabling environment for the transformation of R&D results and for entrepreneurship. It is exactly what we are trying to do here in Hong Kong.

It helps that our financial market is among the world's most competitive. Hong Kong's free-enterprise economy and business-friendly environment also play a critical role in creating an attractive and enabling environment. The depth and liquidity of our capital market ensure that the I&T sector's financing needs can easily be met. With a market capitalisation of more than US\$4 trillion, and proximity to the Mainland, our financial market offers great value to biotech investors and entrepreneurs. When it

comes to IPO funds raised, HKEx has ranked first globally in six of the past 10 years. Last year, we raised US\$36.6 billion through IPOs, while total funds raised exceeded US\$69 billion.

The biotech industry has distinct approval mechanisms for turning research into commercial products. That can make it challenging for biotech companies to meet the traditional revenue and cash-flow requirements for listing on the securities market. With that in mind, the HKEx conducted a thorough review to help biotech companies list in Hong Kong without compromising investor protection. That led, in April 2018, to revised listing rules which enable pre-revenue and pre-profit biotech companies to list on the HKEx, subject to appropriate safeguards. HKEx also established a biotech advisory panel to provide advice on listing applications from biotech companies.

The new listing regime is the most significant revamp of our listing rules in two decades. The ultimate goal, of course, is to encourage research breakthroughs that lead to successful products and flourishing businesses, rewarding investors as well as the biotech companies, while boosting Hong Kong's status as a biotechnology centre.

I'd say we're on our way. At the end of last month, that is one year after the launch of the new listing regime, seven pre-revenue and pre-profit biotech companies had listed on the HKEx, raising some US\$2.8 billion through IPOs. They are part of the 40 new economy companies listed in Hong Kong in the past year. We are all very encouraged by the market reaction, and I look forward to more and more biotech companies joining us in the future. With the Government's strong commitment, and with the staunch support of HKEx and all of you here, I am sure the best is yet to come for biotech and overall I&T development in Hong Kong.

After all, creating connections, helping people, businesses and institutions excel, is what Hong Kong has long been celebrated for. It's why you're here for today's HKEx Biotech Summit.

My thanks to HKEx for organising today's Summit and the Biotech Week. I wish you all a very rewarding Summit and the best of business in 2019. Thank you very much.

