Healthcare Market Trends in the Guangdong-Hong Kong-Macao Greater Bay Area

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Global Healthcare Trends
Growing Aging Population – 65+ Years

2020
727 million
9.3% of total world population

2050
1.5 billion
16% of total world population

Source: UNDESA Population Division
Global Healthcare Investment in 2020 Hit New High

- Global healthcare funding increased by 40.7% in 2020.
- Funding on digital health & healthcare AI start-ups hit new high.

Source: CBINSIGHTS
Great Potential in Asia’s Healthcare Market

Annual global healthcare funding ($M) by continent, 2016 – 2020

Asia’s Healthcare Funding Increased by 70% in 2020.

Source: CBINSIGHTS
Exploring Healthcare Opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area
Medical & Healthcare Trends in Mainland China

- **Volume Based Procurement (VBP):** Government authorities organize bids for centralized procurement of drugs, and centrally purchase a guaranteed volume of drugs from bid-winning manufacturers.

- **Increasing Health Expenditure in Guangdong Province:** increased by 18.1% year on year to US$88.9 billion, representing 5.7% of GDP in 2019. Per capita health spending rose from US$428.8 in 2014 to US$771.7 in 2019.

- **Greater Localisation:** The National Medical Products Administration issued a regulation to encourage localisation - MNCs can locally manufacture medical products that are already approved for import, with drastically shortened timelines for re-registering such products.
Fast Growing Medical Devices Market in Mainland China

More high-tech enterprises engaged in the medical devices industry over the past few years.

Source: Eshare
Mainland China’s Import of Korean Medical Devices Increasing

- Demand for Korean Ultrasonic Scanning Apparatus is highest.
- Demand for Korean X-Ray generators, high tension generators, control panels and desks, screens, examination or treatment tables reported significant growth for three consecutive years.

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>Growth</th>
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<tbody>
<tr>
<td></td>
<td>Value (USD MN)</td>
<td>%</td>
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<td>Value (USD MN)</td>
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</tr>
<tr>
<td>Total</td>
<td>342.3</td>
<td>18.1</td>
<td>394.2</td>
<td>15.2</td>
<td>379.1</td>
<td>-3.8</td>
</tr>
<tr>
<td>Ultrasonic Scanning Apparatus</td>
<td>125.1</td>
<td>6.0</td>
<td>138.8</td>
<td>11.0</td>
<td>130.5</td>
<td>-6.0</td>
</tr>
<tr>
<td>X-Ray Generators, High Tension Generators, Control Panels And Desks, Screens, Examination Or Treatment Tables, Chairs</td>
<td>33.1</td>
<td>58.7</td>
<td>39.4</td>
<td>19.0</td>
<td>41.3</td>
<td>4.8</td>
</tr>
<tr>
<td>X-Ray Apparatus for Dental Uses</td>
<td>46.3</td>
<td>68.2</td>
<td>59.2</td>
<td>27.6</td>
<td>33.3</td>
<td>-43.6</td>
</tr>
</tbody>
</table>

Source: China Customs
Riding the Waves of Telemedicine & Digital Health

2014
• Opinions on Promoting Telemedicine Service in Medical Institutions

2015
• Guiding Opinions on Actively Promoting "Internet Plus" Action
• China’s first Internet hospital established in Wuzhen

2018
• German science and technology conglomerate Merck teamed up with Alibaba Health in mainland China for drug monitoring and internet health services.

2019
• State Council released the Notice on Deepening the Medical and Health Care System Reform - medical insurance will cover telemedicine.

2020
• Japanese pharmaceutical company Eisai and Chinese online healthcare platform JD Health establish a joint venture company in China to build a health service platform for elderly.
Fast Growing Digital Health Market in Mainland China

It is estimated that the market size of the digital health industry will reach US$611.0 billion by 2030.

Source: Frost & Sullivan Report
Chinese Expect to Use More Digital Services in the Next Five Years

Source: Bain & Company
Exploring Healthcare Opportunities in Hong Kong
### Hong Kong Demand for Korean Medical Equipment Increasing

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<td>Value (USD MN)</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>31.8</td>
<td>+15.8</td>
<td>30.9</td>
<td>-2.9</td>
<td>34.7</td>
<td>+12.3</td>
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<tr>
<td><strong>Medical, Surgical or Veterinary Instruments and Appliances</strong></td>
<td>15.3</td>
<td>+74.8</td>
<td>14.8</td>
<td>-4.7</td>
<td>16.1</td>
<td>+8.8</td>
</tr>
<tr>
<td><strong>Other Breathing Appliances and Gas Masks</strong></td>
<td>0.7</td>
<td>+410.1</td>
<td>1.2</td>
<td>+73.3</td>
<td>4.6</td>
<td>+288.6</td>
</tr>
<tr>
<td><strong>Mechano-therapy Appliances; Massage Apparatus</strong></td>
<td>5.6</td>
<td>-7.4</td>
<td>4.7</td>
<td>+15.5</td>
<td>4.2</td>
<td>-11.1</td>
</tr>
</tbody>
</table>

- Demand for Korean medical, surgical and veterinary instruments highest.

Source: Census and Statistics Department of HKSAR
Hong Kong as an R&D Hub for Health Innovations

Talents

• According to the QS World University Rankings 2022, three Hong Kong universities ranked amongst the top 50 in the world.
• In 2021, HKU and the CUHK also ranked in the top 50 in the medicine category.
• The Government will launch a five-year Global STEM Professorship Scheme at a cost of HK$2 billion to attract outstanding overseas scientific researchers and their teams to set up laboratories and carry out research projects in Hong Kong.
Hong Kong as an R&D Hub for Health Innovations

**Infrastructure**

- Hong Kong Science and Technology Park (HKSTP) provides a wide range of facilities and services to support healthcare and biotechnology R&D.
Hong Kong as an R&D Hub for Health Innovations

Global Research Collaboration

• Hong Kong has attracted many top-notch universities and scientific research institutions from around the world.
  i. Massachusetts Institute of Technology (MIT) opened an MIT Innovation Node in Hong Kong;
  ii. HKUST signed an agreement with Stanford University School of Medicine, and University College London to set up the Center for Neurodegenerative Diseases in Hong Kong.
  iii. HKU and the Karolinska Institute (Sweden) set up the Dr Li Dak-Sum Research Centre to provide a cutting-edge research environment for R&D on stem cell and regenerative medicine in Hong Kong.

• Health@InnoHK, a healthcare technologies research cluster, is being established progressively at HKSTP in 2021. It aims to gather top-notch researchers from all over the world to conduct world-class and impactful collaborative researches in Hong Kong.
Hong Kong as a Fundraising Hub for Biotechnology

• Hong Kong is Asia Pacific’s largest IPO centre for biotech companies, and the second largest in the world.

• In April 2018, Hong Kong Exchanges and Clearing Limited (HKEX) launched a new listing regime (Chapter 18A) to allow pre-revenue biotech companies to raise capital in Hong Kong.

• From December 2020, pre-profit biotech companies listed in Hong Kong have been included into the stock universe of the mutual market access programmes between the mainland and Hong Kong financial markets.

• In 2020, 23 healthcare companies completed their IPOs in Hong Kong, raising a total of US$12.6 billion, including 14 pre-revenue companies listed under Chapter 18A which together raised a total of US$5.1 billion.

Source: HKEX
Hong Kong’s Logistics Capabilities

**Logistics**

- Hong Kong International Airport (HKIA) Certifications:

  **Center of Excellence for Independent Validators in Pharmaceutical Logistics**
  - Issued by the International Air Transport Association (IATA)
  - Competency and preparedness in handling pharmaceuticals by air that require a stringent temperature control process

  **Good Distribution Practices (GDP) Certification for Pharmaceuticals**
  - Issued by the SGS, world’s leading inspection, verification, testing and certification company
  - A quality system for warehouse and distribution centers dedicated for medicines
Hong Kong as a Gateway to Mainland China

- Hong Kong and Shenzhen will jointly develop a Hong Kong-Shenzhen Innovation and Technology Park, which will be strategically located near the Hong Kong-Shenzhen border. Upon completion, the park will be the largest ever I&T platform in Hong Kong.

- Under the *Work Plan for Regulatory Innovation & Development of Pharmaceutical & Medical Device in the GBA*, designated healthcare institutions operating in the nine Mainland GBA cities are allowed to use Hong Kong-registered drugs and medical devices used in Hong Kong public hospitals with urgent clinical use and advanced clinical applications.

- Traditional proprietary Chinese medicine products for external use registered in Hong Kong can be registered and sold in the GBA through a streamlined approval process.

- For clinical trials, a total of 32 specialties from Queen Mary Hospital, Prince of Wales Hospital, Hong Kong Eye Hospital and Hong Kong Sanatorium & Hospital have gained accreditation of the clinical trial sites from the National Medical Products Administration (NMPA).

- These measures facilitate local and multinational pharmaceutical, biomedical and health technology companies to apply for registration of new pharmaceutical products in Hong Kong.
Thank you