



李氏大藥廠

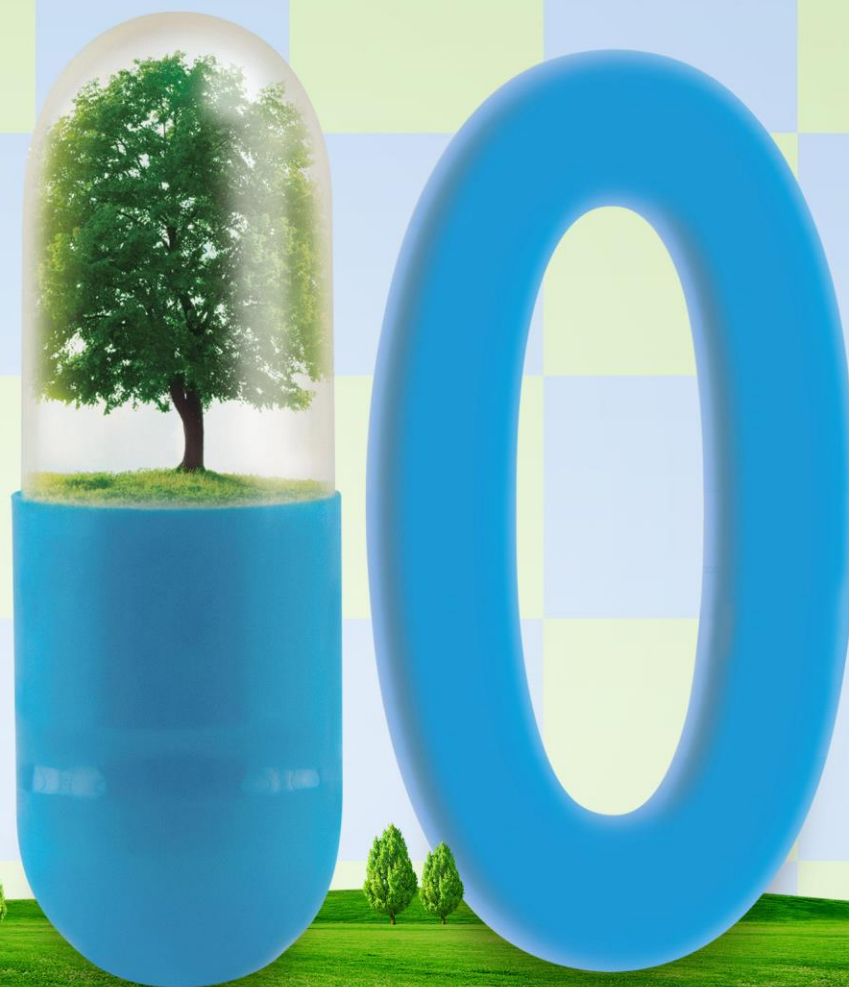
Lee's Pharmaceutical Holdings Limited

李氏大藥廠控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Drug Development In Hong Kong The challenge and prospect from the industry's perspective

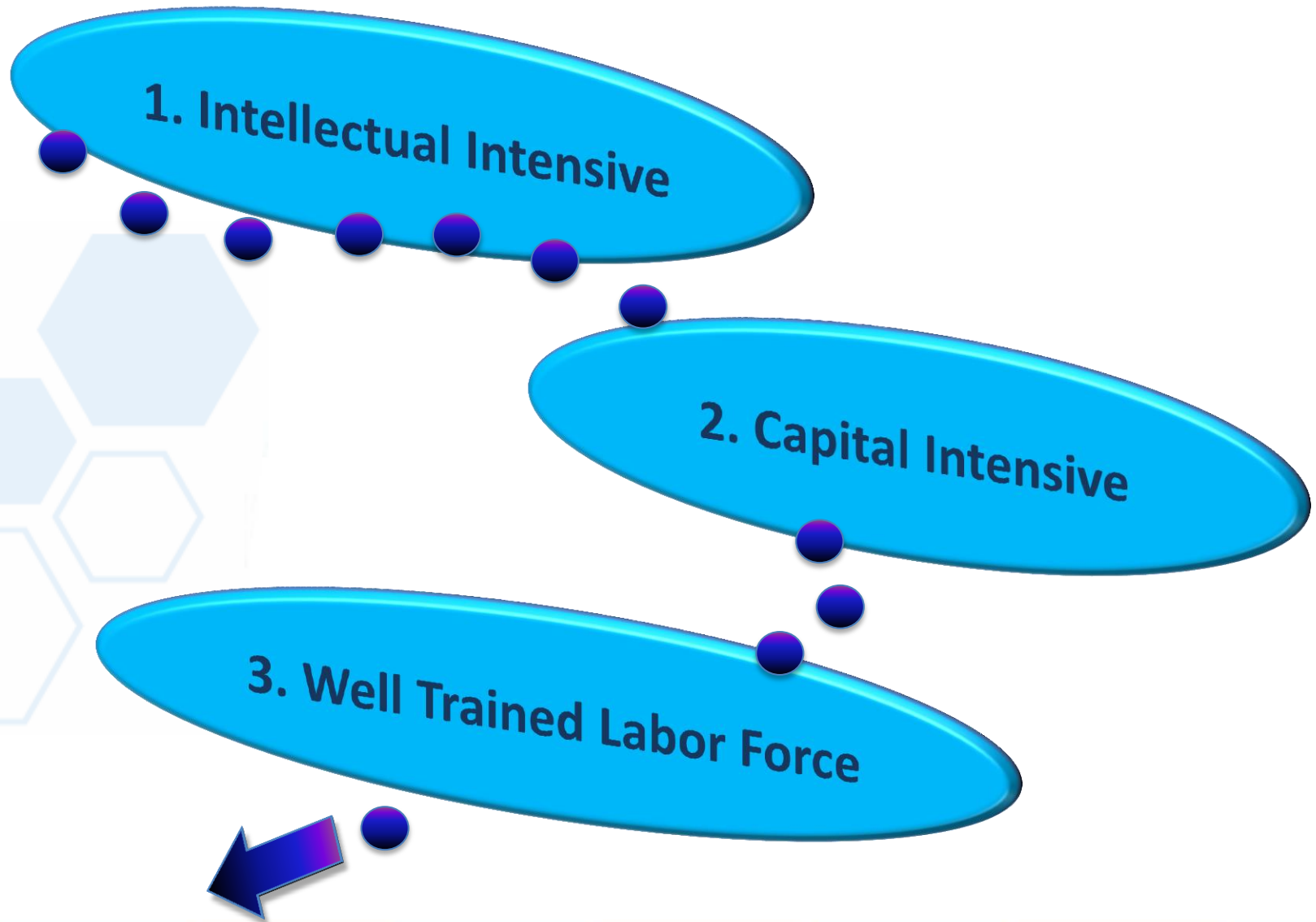
23.04.2013



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Nature of Drug Development

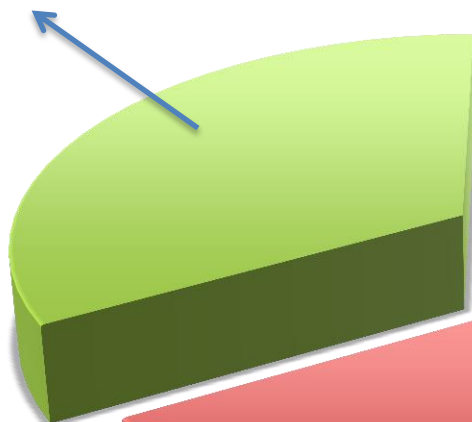


Drug Development Cluster in US





- Well establish venture capital



- Preferential government support (i.e. tax)

- Close proximity to universities and research institute



● Gateway to Mainland China

- ~ an ideal platform to achieve exposure in the rapidly growing Mainland Chinese market
- ~ ideally positioned at the center of rapidly developing East Asia

● Strong Legal System

- ~ a well established legal system based on English common law
- ~ a strong foundation and intellectual protection for companies

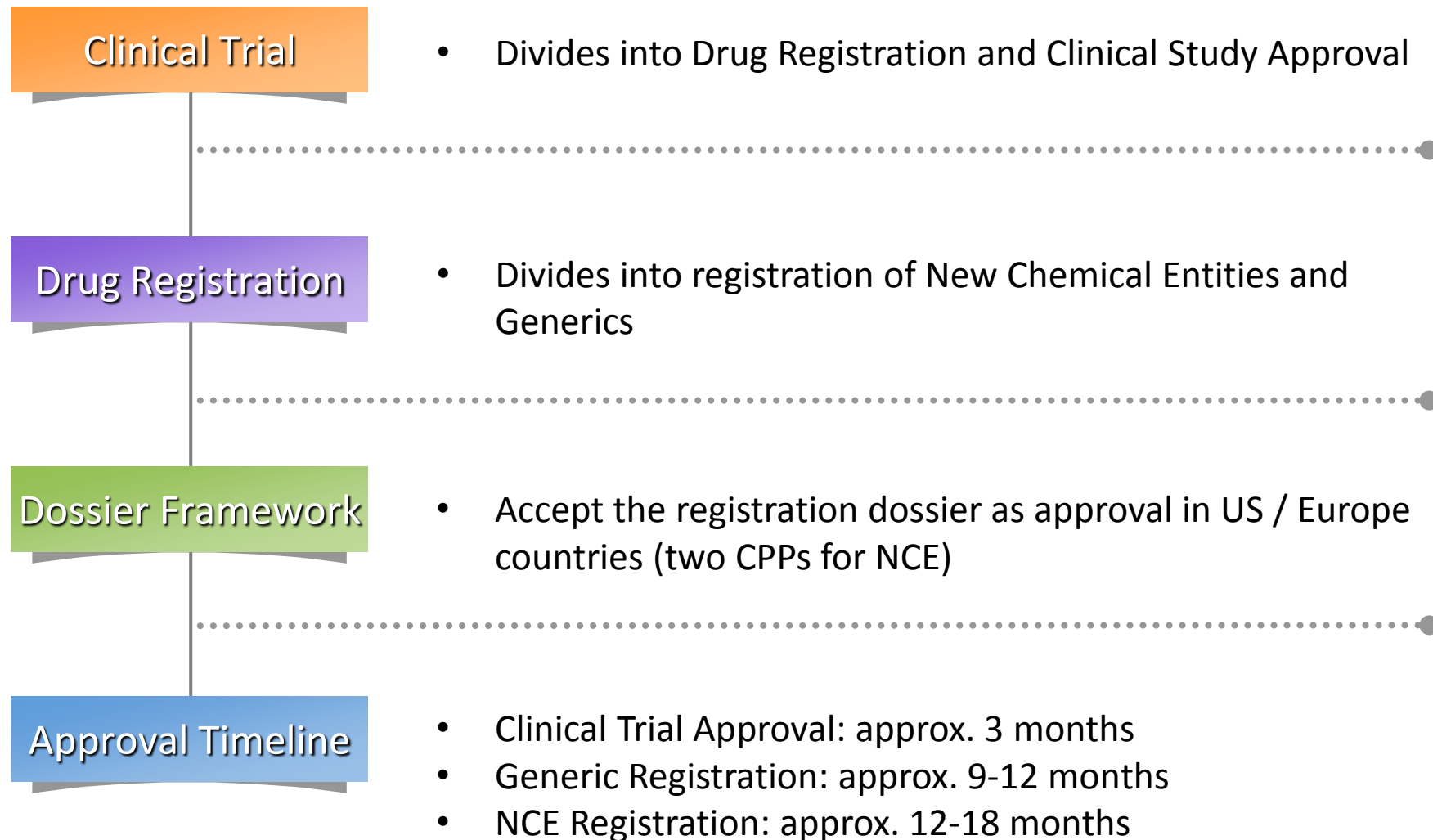
● International business and information platform connecting to the world

- ~ a global communications hub and has excellent communications infrastructure
- ~ HK's two official languages—Chinese and English—provide a great flexibility

● World-class infrastructure and good supply of high quality manpower

- ~ a motivated and highly educated local talent pool
- ~ high quality expert panel

Current HK Drug Registration Regulation

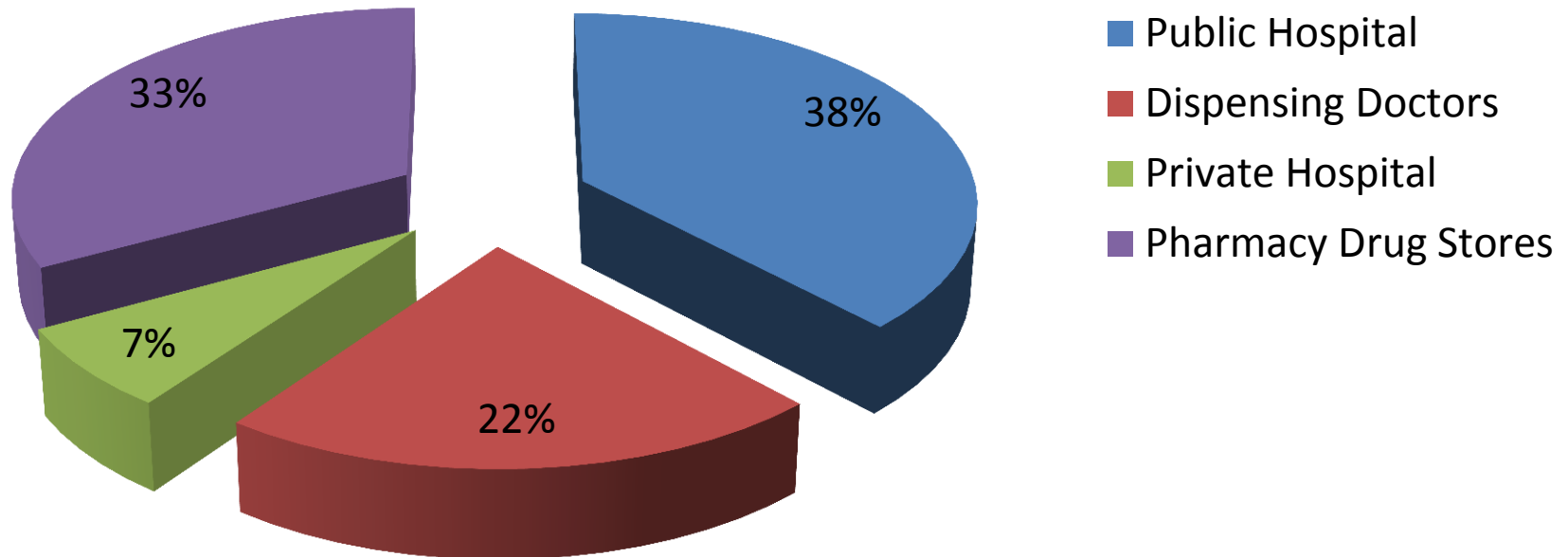


Limitation of current Hong Kong Drug Registration Regulation



- Only tailored for US or Europe approved drugs
- Lack of review mechanism for development of New Drug
- Clinical Study Approval only valid for Hong Kong

Limitation of Hong Kong Market



- Small population of about 8 million people
- Public hospitals formed the largest single sector of the market share; and majority went through tenders
- Price is the only concern that tames the drive for innovation

Attractiveness of Mainland China Pharmaceutical Market



- Huge potential exists for the drug market with a population of over 20% of the worldwide total
- Pharmaceutical growth rate of 20% for the last 10 years
- Third largest pharmaceutical market in the world after the US and Japan with sales of US\$40 billion
- Projected to increase to \$100 billion in 2015; and to have a \$200 billion by 2020 making it the second largest in the world
- Increase investment by the government in healthcare spending.

Current China Drug Registration regulation for Hong Kong Product



No connection in the registration regulation



Different registration standards and requirements



Not valid in China for trial approved in Hong Kong



**Drug development is a long, complicated
and expensive endeavor**

- No clear regulatory path in sight
- No venture capital available (guide venture mentality)
- Lack of determination in the society

Key ingredients for creating a favorable environment for drug development in Hong Kong



--regulatory

1

Harmonize with China's Drug registration regulatory for Hong Kong IND
natural progress to China NDA

2

Hong Kong approval for clinical study valid for both Hong Kong & China

3

Shorten the review timeline;

Key ingredients for creating a favorable environment for drug development in Hong Kong



-- Market Capital&Tax

1

Attack healthcare venture capital to Hong Kong

2

Attack healthcare venture capital to Hong Kong

3

Change the short term mentality

Proposition of Hong Kong Government Action



--Regulatory



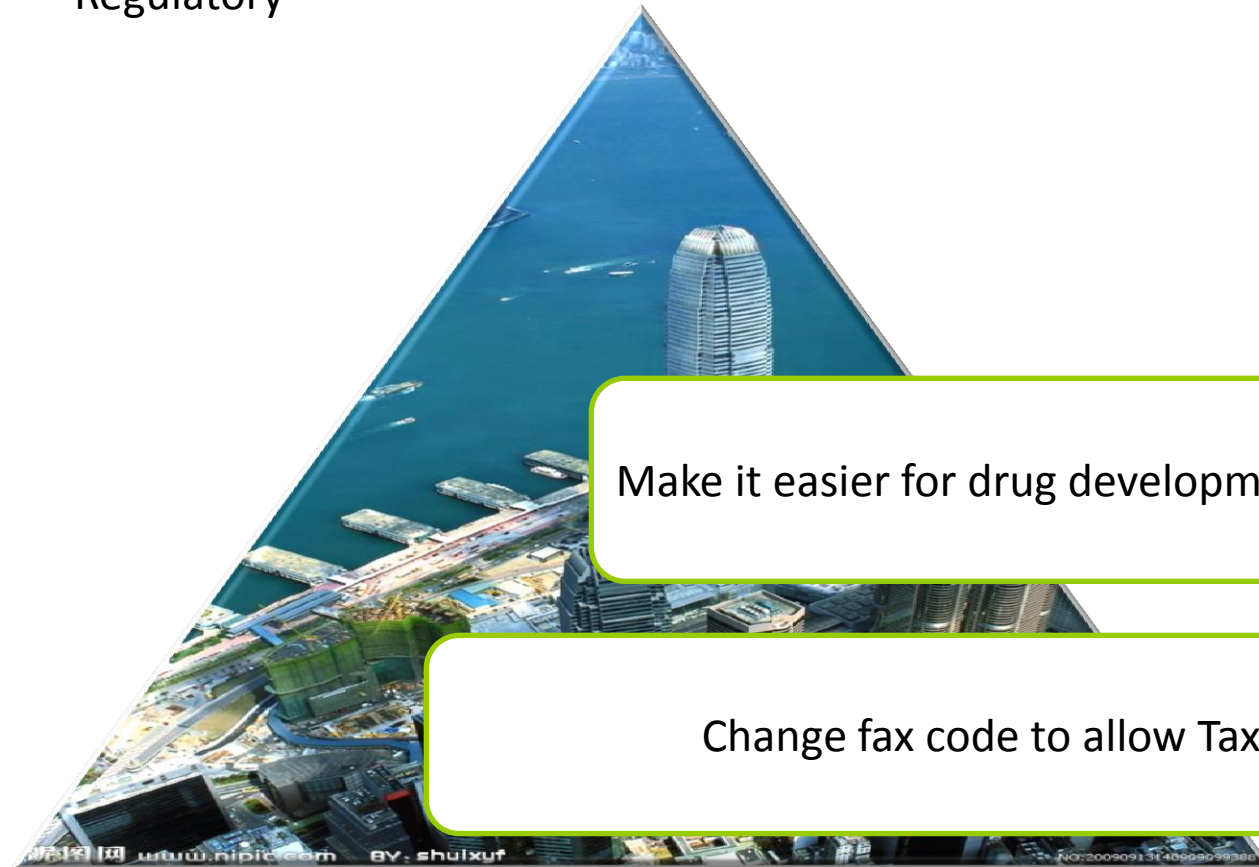
Reach out to CFDA and seek mutual recognition for Clinical Study Approval

Amend current Hong Kong Drug Registration regulation to keep up with the development and change of landscape

Proposition of Hong Kong Government Action



--Regulatory



Make it easier for drug development company to be listed

Change fax code to allow Tax loss transfer

Success factors for Hong Kong to become a Center of Drug Development in Asia





@ Can Hong Kong be a center for Drug development?

-----Yes

@ But Actions for government are needed to make it happened



Thank You

