

For discussion
On 17 January 2012

Legislative Council Panel on Commerce and Industry

Research and Development of Chinese Medicines

PURPOSE

This paper briefs Members of Government's latest initiatives in promoting research and development (R&D) of Chinese medicines (CM) in Hong Kong.

BACKGROUND

2. The Innovation and Technology Commission (ITC) presented the outcome of a review of strategy for promoting R&D of CM in Hong Kong to the Panel at the meeting on 19 April 2011. In essence, ITC proposed the setting up of a new Government-led committee in coordinating the collaboration of all parties in R&D of CM and the disbandment of the Hong Kong Jockey Club Institute of Chinese Medicine (HKJCICM). On 14 June 2011, the Panel held a special meeting and invited deputations from the CM industry to give views on the new strategy.

SETTING UP OF A GOVERNMENT-LED COMMITTEE

3. Appointed by the Secretary for Commerce and Economic Development and chaired by the Commissioner for Innovation and Technology, the Committee on Research and Development of Chinese Medicines (the Committee) held an inaugural meeting on 21 December 2011. The Committee provides advice to Government on how best to support R&D and testing of CM and promote CM development in Hong

Kong. The terms of reference of the Committee are:

- (a) To act as a platform to gauge views from various stakeholders, including Government, public bodies, industry and the academia on R&D of CM in Hong Kong;
- (b) To formulate the broad direction in promoting R&D of CM in Hong Kong, to identify key areas of work, monitor progress and recommend areas of improvement where necessary; and
- (c) To facilitate sharing of R&D outcome and other collaboration among parties concerned to create synergy in R&D of CM and to promote collaboration with organisations outside Hong Kong.

4. The Committee members include representatives from Government, relevant public organisations and advisory bodies, local universities with significant R&D of CM, CM and pharmaceutical industries, medical professionals of Chinese and Western medicine, and lay members. The membership list of Committee is at *Annex*. The Committee is serviced by ITC.

5. At the first meeting on 21 December 2011, the Committee identified the following as the initial focus areas:

(a) Collaboration of Chinese and Western Medicine

As the "meeting point" of the East and West, Hong Kong carries particular advantages in supporting collaboration of Chinese and Western medicine. The Committee provides a good platform for universities, medical professionals, the CM industry and other stakeholders to identify R&D collaboration potential of Chinese and Western medicine where Hong Kong has strengths. Such R&D proposals will be funded by the Innovation and Technology Fund (ITF) and/or the Hong Kong Jockey Club Charities Trust;

(b) Chemical Markers and Development of Methods of Analysis

In meeting the regulatory requirements of proprietary CM (pCm) registration, manufacturers are required to submit technical information and test reports, including methods of analysis for quality control and testing of chemical stability of pCm products. Many local pCm manufacturers lack the expertise to develop the necessary methods of analysis. Such analysis also requires the use of chemical markers that may not be available locally. Chemical markers are also widely used in R&D and authentication of CM. The Committee will help identify competent parties and encourage them to provide services in the development of methods of analysis for pCm and provision of chemical markers for CM;

(c) Testing and Certification of CM

The Hong Kong Council for Testing and Certification (HKCTC) has identified CM as one of the four selected trades which can generate considerable demand for testing and certification services. The authentication of CM falls within this area. Testing laboratories may authenticate herbal CM by microscopic examination and physicochemical methods according to the Hong Kong Chinese Materia Medica Standards. Testing laboratories need support in manpower training and inter-laboratory comparison to raise their technical competencies in authentication of herbal CM. A product certification scheme will also enhance the confidence of consumers in purchasing herbal CM. The Committee can support HKCTC in taking forward initiatives to enhance the technical competencies of testing laboratories and to develop a product certification scheme for herbal CM; and

(d) Enhance Public Awareness

Over the years, the R&D capabilities and infrastructures of local universities in the CM area have been enhanced progressively. To

build up Hong Kong's standing and encourage cooperation among different sectors in R&D of CM, it is desirable for local and overseas medical professionals/researchers to better understand Hong Kong's unique position, strengths and achievements in R&D of CM. Besides, it is necessary to enhance awareness of the public to gain their confidence and support in R&D of CM. In this connection, the Committee could coordinate promotional activities to enhance the understanding of overseas professionals and the local community on Hong Kong's R&D of CM.

FUNDING SOURCES FOR CM R&D PROJECTS

6. Despite the disbandment of HKJCICM, both Government and the Hong Kong Jockey Club (Charities) Limited (HKJCCL) are committed to supporting the development of CM in Hong Kong. In doing so -

- (a) the ITF managed by ITC will continue to support projects relating to R&D of CM. The ITF has a current balance of about \$2 billion; and
- (b) HKJCCL will continue to fund worthwhile CM projects in Hong Kong. About \$400 million remains available for R&D of CM. HKJCCL has agreed to use the funds to support non-profit organisations in carrying out CM projects.

7. Both ITC and HKJCCL will continue to operate their respective mechanism of project vetting and approval. As both parties have the common objective of furthering the development of CM, ITC and HKJCCL will work closely to create synergy and bring maximum benefits to society.

DISBANDMENT OF HKJCICM

8. HKJCICM was established in May 2001 as a joint-venture

company of the Applied Science and Technology Research Institute Limited (ASTRI) and HKJCCL. Its mission is to spearhead the development of CM as a high value added industry for Hong Kong through promotion and coordination of related activities and strategic support for scientific and evidence-based development programmes. Having regard to the considerable new developments and changes over the CM sector over the past decade as well as the role and cost-effectiveness of HKJCICM, ITC has recommended the disbandment of HKJCICM.

9. Following the decisions of ASTRI and HKJCCL, the two shareholders of HKJCICM, in September 2011 to disband the Institute, the Board of Directors of HKJCICM has been reconstituted and has been working on the disbandment plan.

10. In mid-November 2011, HKJCICM staff were informed of the termination arrangements. For the eight staff in HKJCICM, four of them will leave the Institute in February 2012. The other four will be retained temporarily to assist in the process of winding up of the Institute and handle the related matters. Severance payment will be provided to the staff accordingly and all the arrangements will be made in accordance with employment contracts of staff and the labour legislation. HKJCICM has also engaged an accountant firm as the advisor to see through the preparatory work for the liquidation of the Institute. A Task Force comprising representatives from the two shareholders, ITC and the Management of HKJCICM has been set up to implement the disbandment plan which is overseen by the HKJCICM Board.

11. Two HKJCICM funded projects are being carried out by universities and they are due for completion in 2012. To avoid disruption to the projects, ITC will oversee the implementation of these projects on behalf of HKJCICM until their completion.

12. Intellectual properties (IPs) of HKJCICM are being taken good care of to preserve their usefulness. Patents and copyrights arising from R&D projects funded by HKJCICM will be offered to the principal R&D

institutions of the corresponding projects so that the latter can carry on further research with the IPs generated.

13. As regards the equipment and CM chemical markers in the CM Laboratory of the HKJCICM, ITC has been working with universities with a view to continuing the research and related services.

ADVICE SOUGHT

14. Members are invited to note Government's latest initiatives in the promotion of R&D of CM in Hong Kong.

Innovation and Technology Commission
January 2012

**MEMBERSHIP OF THE COMMITTEE ON
RESEARCH AND DEVELOPMENT OF CHINESE MEDICINES**

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Commissioner for Innovation and Technology

Ex-officio

Director of Health or representative

Representative of the Hong Kong Jockey Club

Representative of the Hong Kong Science and Technology Parks
Corporation

Representative of the Hospital Authority

Representative of the Hong Kong Council for Testing and Certification

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