Desmond Hau – Founder & Director of Marketing, Bio-Gene



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Bio-Gene, part of the Pangenia Group, is one of Hong Kong's most notable life science success stories, with operations in the laboratory supply of instruments, reagents and consumables. Desmond Hau, PhD, who founded the company back in 1993, outlines its growth trajectory, how the Hong Kong innovation ecosystem is evolving, and the opportunities that the Greater Bay Area initiative offers today.

Could you introduce yourself to the international audience and give us an overview of the operations of Bio-Gene?

After studying for a master's degree in Biochemistry at the University of Hong Kong, I then served as a scientific officer (medical) for two and half years in the oncology department at the Queen Elizabeth Hospital. It was a good role to build a strong career, but I was young and adventurous and wanted to shape my own journey. Therefore, I founded Bio-Gene Technology Limited (Bio-Gene) back in 1993, and in October this year, we will be celebrating 30 years of operations.

The business was initially set up as a distributor to provide laboratory solutions for customers in Hong Kong. We were focused on laboratory instruments, reagents and consumables for life science research and were given the chance by Bio-Rad Laboratories to represent their portfolio. We were selling to clinicians and researchers in the laboratory and promoting and educating them on our

products.

What was the inflection point for the company and where is the business today?

Today we are the authorised distributor of world-renowned and innovative manufacturers of instruments, reagents and consumables for analytical sciences, clinical diagnostics, food & pharmaceutical safety, life sciences research and laboratory setup services. We provide professional pre- and post-sales services and work hand-in-hand with our customers from problem profiling to solution implementation. We are committed to surpassing our customers' expectations by providing the best products and services through our offices and subsidiaries located in Hong Kong, Macao and mainland China.

A significant portion of our business is still within life science research, but we have built our business around new areas, such as physics and chemistry laboratories and the aforementioned food and pharmaceutical safety and clinical diagnostics.

Around seven years ago, we started into a new field of laboratory design and setup services, providing customers with laboratory furniture, decoration, instrumentation and overall infrastructure design. We act as the bridge and bring what is needed to meet the specifications that the laboratory customers require. To build this new sector we have used our vast experience to connect with partners and use site visits to promote how we could benefit a partner. Furthermore, we have joined local academic societies and organisations and held seminars to demonstrate what we can offer.

What areas are driving the business today and what do you see as future opportunities?

The equipment distribution area is the number one driver for us and there is a lot of demand. In order to handle equipment in Hong Kong, we are not only providing the products but also dedicating a lot of manpower, such as sales and marketing people, application specialists and post-sale staff to providing technical and hardware maintenance support. It really is a sector that requires a lot more than just a product. Customers in Hong Kong, Macao and mainland China would prefer to buy from a local player as we are able to provide this support closely and effectively.

Also, we see changes in the type of customers. 30 years ago, our customers were only academia, but Hong Kong has evolved a lot and since the government built the science and technology park,

our industrial customer base has grown rapidly.

Overall, the ecosystem for biotech is on the rise, and this brings a bevvy of new opportunities. A standard measure of the intensity of R&D is the gross domestic expenditure on R&D (“GERD”) as a percentage of Gross Domestic Product (“GDP”). The Government of Hong Kong sets a target of raising the GERD/GDP ratio to 1.3 percent in 2025 and further to 2 percent in 2030 in its Hong Kong Innovation and Technology Development Blueprint promulgated in 2022.

This is still not a lot in comparison to other nations, but we are going in the right direction. Furthermore, there has been a push in the local healthcare market to grow precision medicine and clinical diagnostics. This is not just in Hong Kong, but also in Macao and mainland China as well.

As we grow, we want to become more comprehensive distributors and see ourselves moving more into medical devices and pharmaceuticals to grow our footprint. The market here is quite small so many medical device and pharmaceutical players do not have their own offices, so we can be the distributor helping them expand their reach in Hong Kong and Macao.

Some of your partners from the laboratory supply side also have a portfolio of medical device companies, so have you already spoken to them to begin the journey of bringing their products to the market here?

With our business model, we are in the process of building a team in this area and are looking for an experienced team leader to start this journey. Companies coming here want a distributor already to have everything set up, such as sales reps, so we cannot offer our services until we first have the backing of a strong team.

Is it challenging to find staff in Hong Kong to build these teams? How arduous is it to find capital and financing?

Finding the right staff is definitely challenging. Our distributed products are not common equipment and the staff required must have excellent knowledge of both products and market and a strong sales mindset as they are dealing with people who know exactly what they want. This is not an easy combination to find.

In terms of financing the credit terms and credit payment system in Hong Kong is quite good and fast. Saying that, the cashflow is healthy and it does allow for our expansion, and we have

experience in how to take the next steps effectively.

The Hong Kong government has put forward a blueprint to foster innovation as well as one to improve primary care. Do these plans resonate well with entrepreneurs like yourself?

We want the government to be proactive and put in place plans to grow the healthcare ecosystem and bring more activity to the area, as without these frameworks nobody will be willing to invest. Hong Kong has a history of investment in finance and real estate and not science. In fact, without the Hong Kong Science and Technology Park, maybe we would not have science as part of the future agenda. All in all, the government is pushing the science ecosystem agenda, so this is positive.

There has been a lot of talk about Hong Kong taking advantage of the Greater Bay Area (GBA) and its larger population and market size. What reality have you faced on the ground?

Well, it is being talked about, so that is better than no discussion at all. GBA offers a good market for us as it has 87 million people, while Hong Kong and Macao together are only around 8 million. Nevertheless, expanding there is not easy and mainland Chinese companies are a lot more aggressive in areas such as pricing, so grabbing a market share there will be difficult. To expand and get a piece of the GBA pie we would need clear pathways to benefit us, such as strong collaboration with our oversea vendors to accelerate the launch of their innovative products or resources to cultivate our sales and marketing team as we would be dealing with a huge population.

I will say that we already have a strong brand here and many of our academia partners are opening research units in mainland China. The researchers of these academic partners going to mainland China are still based in Hong Kong, so we can follow their footprint to grow our foothold in GBA in a natural way.

Bio-Gene is part of a larger group. Could you give us an overview of what this group of companies exactly entails?

The Bio-Gene office is located in Shatin, close to the Hong Kong Science and Technology Park, and is actually a subsidiary of the group, Pangenia Inc. The Pangenia Group has business in laboratory supply of instruments, reagents and consumables through Bio-Gene, IVD products and services under DiagCor Life Science, clinical diagnostic testing services under Pangenia laboratories, hereditary genomic study, especially in rare diseases, under Pangenia Genomics, and drug discovery biopharma entity under Myocea.

Bio-Gene stands alone, and this is one of my primary focuses. Internally, we see collaboration and synergy between the companies within the Group, as they can feed off each other. For example, DiagCor can conduct CE-IVDR and NMPA product registration for clinical diagnostic products. Once it is done, Bio-Gene can distribute these products and Pangenia laboratories can provide clinical diagnostic testing services in Hong Kong, Macao, mainland China and even Asian countries.

What does the future hold for Bio-Gene and the Group?

We will leverage the strengths of each member of the Group and bounce off each other to expand and grow. Bio-Gene will be the distribution arm of the business and we hope to see ourselves in GBA through existing partners in the near future and move into medical devices and pharmaceuticals once we have established an experienced team in these areas so we can effectively support partners from the beginning.

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