

# Tony Cheng - Managing Director & GM Hong Kong & Macau, Merck Healthcare

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*Tony Cheng, managing director and general manager for Hong Kong & Macau at Merck Healthcare walks us through the challenges and opportunities arising from Hong Kong's transformation, Merck's strong local presence, its collaboration with the Hong Kong Science and Technology Park to support local start-ups, the affiliate's engagement in the Greater Bay Area (GBA) initiative, and how it is addressing Hong Kong's talent crunch.*

## **How long have you been working at Merck and what brought you to the company?**

I have been with Merck since 2017. I joined because diabetes is my passion. My first job in the pharma industry involved promoting a diabetes product, and I have been dedicated to this area ever since. While many companies focus on oncology and innovative products, I believe primary care products like those for diabetes are just as crucial. Merck's diverse range of products, from IVF treatments to cardiovascular and cancer therapies, attracted me. Despite the growing focus on cancer treatment, Merck remains committed to diabetes care, which aligns with my desire to work for a company that balances profit with societal impact.

Also, I have to say, I am very proud of Merck's long history. It struck me even during the recruitment process when I heard Merck was established in 1668, making it 349 years old. I remember during my interview, I proudly mentioned that my previous company, was 236 years old.

The manager then asked me about Merck's history, and I realized I had not researched it well. Discovering that Merck has been around for over 300 years was incredible. It is rare for a company to survive for such a long time, and it speaks to something special in Merck's DNA. That longevity and sustainability is something I emphasize in all my communications with external stakeholders, and I am genuinely proud of it.

**Can you tell us about your transition to Managing Director? How has that been, and what challenges and rewards have you encountered?**

I took on the General Manager role last year and became Managing Director just last month, in April. The transition has been quite challenging, especially considering the situation in Hong Kong. We had just come out of a difficult period with COVID-19, and while everyone expected a quick rebound, the reality was different. Medical tourism has not returned, and we see reverse medical tourism with many going to mainland China for medical procedures.

Being familiar with Hong Kong's culture, the company, and the business has supported a smooth transition for me. However, knowing the people well also presents challenges. Implementing new things requires a careful approach, as I cannot make quick changes without considering the established dynamics.

Being part of the team before taking on an MD role has its pros and cons. The familiarity can lead to pushback when implementing new policies, as people are accustomed to existing ways of working. However, I manage these difficulties by taking the time to explain the reasons behind new policies and helping colleagues see their value. If I believe a policy is the right thing to do, and where we can all buy in. However, especially in a Chinese cultural context, significant changes need to be approached gradually, step by step, to be effective.

**Given the slow economic rebound in Hong Kong, how has this affected the market, and are you still optimistic about future growth?**

There has been a lot of talk about the Hong Kong economy not growing as quickly as expected. Despite the challenges, I remain very optimistic about Hong Kong's future. Some say I am too optimistic, but I believe being positive is always better than being negative. We are still overcoming difficulties, but I am confident that both Merck and Hong Kong will emerge from these challenges soon. Last year, the economy grew by around 3 percent, and the pharmaceutical

market showed similar single-digit growth. There is a correlation between the economy and the medicines market here, which is not always the case elsewhere.

**Can you tell us about the trajectory of Merck in Hong Kong and how the company's portfolio is represented here?**

Merck has a strong presence in Hong Kong, with the majority of our key products already launched here. Historically, Hong Kong has been a strategic gateway to China, making it a crucial market for us. Most of our important products are available here, and we continue to see growth with new molecules, especially from Merck China partnerships, entering the market. Hong Kong's strategic position, excellent infrastructure, and high-quality healthcare system make it an ideal location for our operations. Our portfolio in Hong Kong is comprehensive, covering areas such as fertility, diabetes, cardiovascular health, thyroid, growth hormone, and multiple sclerosis. This diverse range ensures we can support patients from creating life to improving and prolonging it.

**Merck is always aiming to be in the top three medicine providers in any disease area/product category it targets. Does this also apply to Hong Kong?**

While Merck may not be the largest pharma company in Hong Kong by revenue, we excel in specific domains. For example, we are number one in IVF, Metformin for diabetes, cardiovascular products, and growth hormone treatments, where we hold a 99 percent market share. Additionally, in metastatic colorectal cancer, we are the market leader. Beyond being leaders in these areas, we also focus on innovation and we have strong divisions in life sciences, healthcare, and electronics. This unique positioning helps differentiate us from our rivals and aligns well with the Hong Kong government's increased focus on healthcare and life sciences.

**Merck started a collaboration with Hong Kong Science Park (HKSTP), supporting start-ups. What can you tell us about this programme and how Merck is involved?**

It is important to mention that apart from our usual work we started a collaboration with the Hong Kong Science and Technology Park, where we are actively involved in co-incubation programs, particularly for digital health solutions. Our commitment to innovation and supporting local start-ups is something we are very proud of. This collaboration started with a Memorandum of

Understanding (MOU) signed in September 2022, and it reflects our dedication to fostering growth and innovation within Hong Kong's healthcare ecosystem.

The collaboration involves several forms of support. Financial assistance comes from the government through the HKSTP. Merck provides resources such as people, industrial know-how, and mentoring. We help start-ups by acting as super connectors, linking them with various stakeholders to ensure their products are suitable for the Hong Kong market. If a product and company show promise, we also introduce them to M-Ventures, Merck's venture capital arm. While funding is relatively easy to obtain in Hong Kong, the critical aspect is finding the right team with a viable idea. Our expertise and connections are highly valued by these start-up companies.

Even if in Hong Kong, we have seen a notable increase in start-ups, especially among young entrepreneurs, while the start-up scene has improved, there is still room for growth compared to other regions like the US. Recently, I engaged with a start-up focused on mental health, and they are considering joining HKSTP. During our discussions, I shared my experiences and insights into the local market, essentially advocating for the benefits of joining HKSTP. The infrastructure provided by HKSTP is impressive, but to elevate it further, commercial companies like Merck play a crucial role in supporting start-ups to thrive.

We have collaborated with start-ups providing support without financial incentives because we believe in their products and their potential impact. For instance, I recently invited the diabetes start-up team to join us at a local medical conference called "Advanced in Medicine" at the Hong Kong Convention Centre. We leverage existing resources to help them showcase their product to other healthcare professionals. I find immense satisfaction in facilitating these collaborations and promoting innovative solutions in healthcare, especially in areas like diabetes, which I am deeply passionate about.

**Merck is expanding its focus on oncology. Will Hong Kong be a priority market for new product launches in this area? Additionally, how has the recent change in the two-Cpp to one Cpp regulatory system impacted your operations?**

Hong Kong's appeal as a market has somewhat diminished, not due to its decline but rather due to the improvements seen in other countries, particularly towards mainland China. As the MD in Hong Kong, I continuously advocate for its importance to the Merck Group as a whole. While some may question Hong Kong's significance compared to China, I emphasize its unique position and value.

Regarding the one-CPP system, while it looks like a beneficial tool for early access in mainland China, Merck is already demonstrating efficiency in obtaining approvals there, so it is probably not something that will be a game changer for us. This proactive approach extends to our engagement in the Greater Bay Area (GBA) initiative, where I seek to leverage this opportunity for the benefit of the entire Merck group. While some may perceive GBA involvement as a distant prospect, I believe in seizing the first-mover advantage, actively participating in GBA projects and providing valuable insights to headquarters and regional teams. Ultimately, our success as a company is intertwined with the broader achievements of the Merck group, and our proactive engagement in the GBA underscores our commitment to sustained growth and innovation.

### **Looking at 2024 and beyond, what plans and challenges lie ahead?**

Our focus remains on building the right team and foundation to navigate the evolving landscape. However, one notable challenge we face is the significant shortage of manpower in the Hong Kong market—a trend mirrored across the industry. This shortage stems from various factors, including the migration of middle managers in previous years and a diminishing pool of new talent entering the pharmaceutical sector. Addressing this talent crunch is a top priority, and I have emphasized the importance of attracting young professionals to our industry during many events. Additionally, the emergence of Chinese biotech companies establishing subsidiaries in Hong Kong adds to the demand for skilled professionals, particularly in areas like market access and finance. Despite these challenges, we remain committed to fostering a shared vision within our team, ensuring everyone understands the direction and purpose of our work. While some may choose to join or leave Merck, our goal is to provide a compelling reason for individuals to stay onboard, offering them a clear understanding of our mission and the opportunities for growth and impact within our organization.

### **Do you believe the industry needs to work on its image to attract more talent in Hong Kong?**

There is a significant opportunity for the pharmaceutical industry to improve its image and attract more talent in Hong Kong. Many people outside the industry may not fully understand the purpose and impact of pharmaceutical companies beyond just selling medicine. We need to do more to communicate that working in the pharmaceutical sector is about helping patients and their families, not just selling products. Personally, my passion for disease prevention stems from being

a caregiver to my wife, who faced a critical illness. I experienced first-hand the burden and challenges faced by caregivers, and it drives my dedication to disease prevention initiatives. While oncology remains a primary focus for the company, I also advocate for resources to be allocated towards diabetes prevention, aligning with our sustainability goals and broader societal health needs outlined in initiatives like the UN Sustainable Development Goals. Additionally, as the government is putting more resources into disease prevention, we have an opportunity to collaborate and contribute to initiatives like the Chronic Disease Co-Care Program (CDCC). By prioritizing patient well-being and doing what is right, we believe that business success will naturally follow. Through initiatives like diabetes prevention, we not only help individuals avoid the condition but also potentially identify new patients who may benefit from our products and services. Ultimately, our goal is to make a positive impact on public health while advancing our business objectives.

**Besides addressing the shortage of talent and aligning with sustainable goals through prevention efforts, what are your key priorities for 2024 and 2025?**

Partnership is a critical focus for me in the coming years. The market is becoming increasingly competitive, and traditional approaches may not suffice. Therefore, establishing partnerships with key stakeholders that benefit society as a whole is essential. These partnerships extend beyond healthcare-related entities; we are collaborating with diverse organizations like online insurance companies, start-ups focused on mental health, and educational institutes. Many traditional businesses are evolving their models to be more health-focused, presenting opportunities for collaboration and leveraging our expertise to make a positive impact. These partnerships not only differentiate us from competitors but also facilitate access to key stakeholders who recognize the societal value of our initiatives. To bolster our partnership efforts, I recently introduced a new role: Strategic Partnership Manager. This individual comes from a non-healthcare background, bringing a fresh perspective and outgoing approach to our partnership endeavours. This role reflects our commitment to forging strong, impactful collaborations to drive future success.

**If you could send a message to fellow subsidiary leaders worldwide, what would it be?**

I would tell them that Hong Kong is undergoing transformation and will emerge even better than before. While it is no longer the Hong Kong of the past, I want them to see the evolving potential of Hong Kong through collective efforts. Through collective efforts and an open-minded approach,

Hong Kong can emerge even stronger than before. I would stress the need to stay agile, innovative, and resilient in the face of change. Subsidiaries that are able to anticipate and respond to shifting market conditions will be better positioned to capitalize on new avenues for growth and success. Ultimately, my message would be one of optimism, adaptability, and a willingness to embrace the transformative power of change. Only by embracing this mindset can we position our subsidiaries for long-term prosperity and success, even in the face of significant market shifts.

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