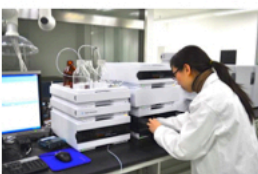


CHINA UPDATES

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Customs in Zhuhai Seized Illegally Imported Cosmetics

The customs officials of Gonghai, Zhuhai city in southern China recently spotted a number of illegally imported high-end cosmetics that value at 4.66 million yuan.

The local customs dispatched 50 police officers to check on different areas in the city to spot the illegal workshops and vendors of cosmetics. The officials have seized 9,007 high-end cosmetic products involve 78 brands including big-names like Lancome. The illegal products are imported by a group of suspects who are found to be regularly importing high-end cosmetics without getting the official approval.

The customs officials have taken legal measures to four suspects involved. The case is still under investigation. (Source: Yangcheng Evening Daily)

Ministry of Agriculture: the GMO Food Granted with Quality Certificate are Safe

In a recent seminar on GMO reporting initiated by the state regulator in Wuhan, Kou Jianping, the chief of GMO safety regulation and IPR department, said that the country has a number of professional institutions to check the safety and quality of GMO products.

Those that are granted with quality certificate of GMO food can be used without potential risk, said Mr. Kou.

Mr. Kou also said that the country now has 39 institutions that can grant official certificate in this kind. One of the institutions



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is the safety regulating committee, which consists of 64 members, among which there are 25 from agricultural front, 19 from environment front, 11 from quality control front and 18 from the food health front.

He also said that the issue of GMO food safety cannot be discussed generally. If the GMO is granted with official certificate, one can have the GMO food without bearing the risk of food safety. (Source: China Economic Net)

Chinese FDA Listing for DSM's Organic Alpine Bioactives Line ALPAFLOR

DSM's unique ALPAFLOR Personal Care portfolio is now fully listed by the Chinese Food & Drug Administration (CFDA).

The ALPAFLOR portfolio contains high performing organic bioactives and follows a truly organic philosophy from the seeds to the bioactive. Starting as a pioneer more than a decade ago, today DSM cultivates a wealth of plants and flowers at high altitude in the Swiss Alps according to the standards of Bio Suisse. They are produced at DSM's own manufacturing site in Vouvry in the Swiss Valais. ALPAFLOR has become a globally accepted standard for organic, highly effective, ECOCERT, COSMOS and NATRUE certified bioactives from Swiss Alpine plants.

Last year DSM presented new exciting in vitro and in vivo findings on ALPAFLOR® EDELWEISS, confirming skin comfort improvement and skin aging prevention. 3 out of 4 consumers with perceivable sensitive skin, reported a more comfortable skin feel after only 1 month care with a cream containing 3% ALPAFLOR® EDELWEISS. The new listing in China and the worldwide ECOCERT, COSMOS, and NATRUE certifications make ALPAFLOR® attractive for natural and organic formulations around the globe.

Marie-Sophie Meisinger, Global Marketing Manager Skin Care at DSM, comments: "High performance, organic cultivation and sustainability have always been the core values of ALPAFLOR®. The full listing in China, one of the most important skin care markets

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globally, once again proves that ALPAFLOR is a strong partner worldwide in the field of natural beauty". (Source: DSM)

China Tightens Grip on Health-related TV Programs

China's top broadcast watchdog has tightened control over production of health-related TV programs, a move it says will provide viewers with better, more scientific health information.

The State Administration of Press, Publication, Radio, Film and Television issued a circular on Tuesday saying such programs can only be produced by TV station personnel. The regulator also banned all advertisements during such programs.

Health programs in the form of health experts and doctors offering advice on how to prevent illness have gained popularity in recent years. Because the programs are relatively cheap to make, they can be the prime form of entertainment of local television stations.

The regulator said in some cases the health programs can be potentially harmful, with TV stations exaggerating the effects of medicine or medical devices in order to make a profit from the program.

It said TV stations lacking funds and proper experts should not make health-related programs. Experts on the programs must have qualifications issued by health authorities.

Celebrities hosting such programs was also banned.

Such programs will be required to be reviewed and put on record. Those which violate the regulation won't be allowed on air, the circular said.

The regulation will take effect on Jan 1, 2015. (Source: CRI)

Costco to Set Up Online Store on Alibaba Platform

Fresh from its stock listing in the United States, Alibaba Group Holding chairman Jack Ma Yun has started to bring a new wave of merchants to China through its online trading platform.



American membership-only warehouse club Costco Wholesale would set up an online "flagship store" on Alibaba's Tmall Global platform, an extension of Tmall.com, China's leading business-to-customer online trading service provider, Costco said.

It will be the first presence in China for the second-largest US retailer.

Nasdaq-listed Costco reported sales of more than US\$110 billion for the year to August.

The American company was tapping into China's vast retail market through the online store without

the need for physical operations there, reducing business risk to "nearly zero", said Liu Xingliang, the chairman of Hongmai Software, a Beijing-based internet data analysis company.

Liu said food and health-care products were a good fit because food safety was a big concern in China and consumers had more confidence in foreign brands.

He said the move was also good news for Chinese consumers. "Chinese people always ask friends to buy them clothes and milk powder from abroad because there is no easy channel to access foreign brands," he said.

Alibaba's chief operating officer, Daniel Zhang Yong, said the partnership with Costco would give Chinese consumers a better shopping experience and "will enable us to better support the expansion of cross-border retail sales of consumer goods into China".

Ricky Lai, an analyst at Guotai Junan International, said Tmall was the fast track for a foreign brand to reach the vast Chinese market because Alibaba had already gathered millions of users on its platform.

The e-commerce giant also had a well-managed logistics network and could guarantee fast delivery of purchases.

Launched in February, Tmall Global enables foreign companies to directly advertise and sell to Chinese consumers.

Costco executive vice-president Jim Murphy said it saw tremendous growth opportunities in China "especially in light of Chinese consumers' increasing appetite for imported products".

Costco's online store would offer a range of products including food and health-care products at "highly competitive prices" including its private label Kirkland Signature products, the company said, "addressing the increasing demand for foreign brands by Chinese consumers".

It said there would be no membership requirement

for online buyers in China.(Source: SCMP)

Infinitus' New Base in China Established for Production

On 16 October, Infinitus Yingkou Production Base (hereinafter referred to as "the Base"), the second production base of LKK Health Products Group (LKKHPG) in the Chinese mainland was put into production, which symbolized that the strategic layout of "one South Base and one North Base" in the Chinese mainland officially formed.



Located in Yingkou Economic and Technical Development Zone, the Base, whose ground-breaking ceremony took place in July 2012, boasts a total investment of RMB1.5 billion for the initial phase. Until now, a series of modern facilities have been constructed and put into use, including the extraction workshop, production workshops for oral liquid, capsules and tablets, the technology center and the Yingkou campus of Infinitus University. The Base is mainly used to produce high-quality Chinese herbal health food, but also serves as a multifunctional experience platform on corporate culture and products with well-designed visiting routes.

Its production lines have been equipped with the world's leading technology in line with criteria like GMP, HACCP, ISO22000 and ISO9001 and characterized by low energy consumption and emission yet with high efficiency. The Product Inspection Lab has been designed to the criteria of China National Accreditation Service for Conformity Assessment (CNAS), and the inspection project

numbers and criteria reach world standards.

LKKHPG is mainly engaged in high-quality Chinese herbal health products and services, and the establishment of the Base plays an important strategic role in the development of its north China market. Mr. Harry Yeung, Senior Vice President of LKKHPG, said, "North China is a strategic spot for Chinese herbal health product enterprises due to its rich resources of raw materials and mature consumers. The Base will not only satisfy the market supply of north China, but also foster the forming of the surrounding health industry chain and the prosperity of the health industry in the northeast region."

According to the statistics, the nutrition and healthcare food industry in the Chinese mainland has enjoyed a compound annual growth rate of over 20 percent in the past five years, far more than the GDP growth rate of the same period. In the U.S., percentage of the added value of health industry in GDP has exceeded 15 percent, similar to those in Canada and Japan. All these herald a golden period in the health industry around the world.

Mr. Yeung added, "Apart from enhancing services for the north market, the Yingkou Base also completes the corporate strategic layout through its synergy with the South Base." In south China, LKKHPG has already set up the Xinhui Production Base with accumulative investment of over RMB3 billion and the annual production capacity exceeds RMB10 billion. For the Yingkou Base, its production capacity is estimated to reach RMB18 billion in the fifth year when it is fully operated.

"As the Base officially goes into production, the Group's two bases will form highly efficient interaction in quite a few areas including R&D, production, logistics, service and IT. This can significantly improve the production capacity in order to better satisfy the ever-increasing needs of Chinese herbal health products and propel the healthy development of TCM industry around the world."

LKKHPG established the core brand of "Infinitus" in

1992. With "Si Li Ji Ren" as the core value, it is dedicated to "advocating the premium Chinese health regimen and nurturing healthier lives with balance, affluence, and harmony." It is a member of Lee Kum Kee Group, a Hong Kong-based ethnic enterprise with a history of over 120 years. Headquartered in Hong Kong, LKKHPG has four members, namely, Infinitus (China), Infinitus (Hong Kong), Infinitus (Taiwan) and Infinitus (Malaysia). With annual investment worth tens of millions of U.S. dollars in product R&D, LKKHPG possesses unique strengths in health food, skin care products, personal care products, household products and TCM R&D. (Source: PRnewswire)

TCM Costs Rise As Donkey Herds Dwindle

Yu Pang, the mother of a 4-month-old baby, plans to buy an entire kilogram of ejiao (donkey-hide gelatin, a traditional Chinese medicine) as insurance against price hikes.



"I heard that the Dong'e Ejiao has raised its factory-gate price, which means retail prices will soon rise," Yu, of Jinan, capital of Shandong province, told China Daily on Thursday.

Yu's sources were right. Dong'e Ejiao Co Ltd, the largest Chinese ejiao maker by market share, announced on Sept 12 it would raise the product's

factory-gate price by more than 50 percent due to shrinking supplies of donkey hide, from which ejiao is made.

It was the third time Dong'e had raised the price since last year. Last August, the company raised the price by 25 percent to 1,098 yuan (\$178.70) per 500 grams, followed by a 19 percent increase to 1,298 yuan in January.

Ejiao is credited by many with improving blood circulation and replenishing energy. Its supposed beautifying effects make it a favorite among women.

Qin Yufeng, chairman of Dong'e Ejiao, said the factory has been forced to raise prices because raw material costs keep going up.

As machinery use in agriculture widens, donkeys are seldom seen working in fields anymore, which has dampened farmers' interest in raising the animal.

But demand for ejiao has been rising by an average of 30 percent a year, Qin said. This has triggered more enterprises such as TCM giant Beijing Tongrentang Group Co Ltd, the Chongqing-based Taiji Pharmacy Group Co Ltd and Changsha-based Jiuzhitang Co Ltd to enter the ejiao market, making donkey hides even more scarce.

Currently, 49 enterprises in China have approval by the China State Food and Drug Administration to produce ejiao.

Figures from agriculture authorities suggest the number of donkeys raised by farmers dropped to 6.03 million at the end of last year, compared with 11.2 million several years ago. And the number is still dropping.

"From a long-term point of view, raising the price is good for the industry," Qin said, explaining that as the company pays higher prices for donkey hides,



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this will encourage more farmers to raise the animal.

Last year, Dong'e Ejiao spent 2 million yuan more on donkey hides than in 2012. At least half of the amount went directly to the donkey breeders, said Qin.

To supply its factory, the company built a donkey farm in Chifeng in the Inner Mongolia autonomous region, with the number of animals now reaching 170,000, said Qin, who said that building a second donkey farm in the region is being considered.

Although continuing to use traditional ejiao-making techniques, Qin said the company keeps adding new elements in order to offset supply shortages. Molecular ejiao tablets will enter the market this year, he said.

Zhou Xiangshan, vice-chairman of the company who is in charge of bio-technology, said the new product contains "more efficient elements" than the traditional products and is easier to take.

The company is applying for patents for its biological technology in China as well as in Japan, South Korea, the European Union and America, Zhou said.

To help elevate the ejiao industry, the company will host an exhibition next year to showcase Dong'e's production techniques and quality control procedures, Qin said.

"Ejiao represents the quintessence of the Chinese culture. I hope we can better develop the industry and introduce the product to more people worldwide," he said.

Qin noted that one product - a syrupy compound of ejiao that he said is used to treat dengue fever - has been approved as an over-the-counter drug in China and is very popular in South-eastern Asian countries.

The company expects to sell 60 million yuan worth of the product to the overseas market this year, he added.

Ejiao (donkey-hide gelatin) is a traditional Chinese medicine dating back more than 2,000 years.

It is made by boiling a donkey hide and refining the gelatin. Traditionally, it is obtained from a series of processes of washing, soaking, rinsing and stewing the hide.

Ejiao production techniques have been listed as a national-class intangible cultural heritage.

Dong'e Ejiao Co Ltd, founded in 1952 in Dong'e county, Shandong province, is the largest company in China to produce ejiao. The company is listed on the Shenzhen Stock Exchange.

Traditional Chinese medicines, health tonics and biological drugs are the main products of the Dong'e company. (Source: ECNS.cn)

China Updates is published weekly by the U.S. – China Health Products Association, a non-profit organization dedicated to the promotion of dietary supplements and the nutritional / functional ingredients. The association's major focus is the continued development of China's dietary supplement and nutritional ingredient industry as well as offering business services to global companies wishing to enter the China Market

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