



CHINA UPDATES

February 09, 2016— Issue 180

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USCHPA Attending Expo West



Association Executive Director Jeff Crowther will be attending [Natural Products Expo West](#) March 9-13, 2016 in Anaheim, California. In conjunction with New Hope Natural Media, Crowther will hold a presentation covering the latest information on China's dietary supplement industry.

Crowther will be accompanied by Daniel Yiu from Ali Health to cover China's booming cross border e-commerce, which is being lead by Alibaba. Ali Health was established in 2014. It's a newly formed Ali-asset within Alibaba Group for all health and wellness



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businesses from healthy diet, lifestyle to healthcare. Ali Health works and collaborates with various Ali business units such as; Tmall, Tmall Global and Alipay to achieve clients' goals.

Exact time and location is being organized by New Hope as this newsletter is being published. Confirmed date/time will be published in a forthcoming issue of "China Updates". (Source: USCHPA)

Shenzhen: Health Product Complained Often

As the Spring Festival is around the corner, the health products are again well-embraced in the local market of Shenzhen. But at the same time, the number of consumer complaints that relate to health product is also on the rise.

The consumer rights protection committee of Shenzhen said that in 2015 alone, the committee has received 11 cases from consumers that complained about health products, and 90.1% of them are from senior consumers.

The problems reported include false advertisement, quality issue, and side affects after having the products.

The committee warns the senior consumers to be more alert when buying health product, and keep receipts so that it would be easier for them to protect their due rights once they find the health product is substandard.

The committee said that as the spring festival is coming, many health food vendors are promoting their products by launching sales campaign and target at people who plan to buy gifts for their parents.

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The officials said consumers are advised to purchase health food and medical equipment from official channels and not attend any lecture or seminar that sell health product in the name of health education. (Source: Shenzhen News Net)

Chengdu Food Companies Pledge Food Safety

More than a thousand of food companies based in Chengdu signed a commitment letter to pledge to ensure food safety in a campaign launched by the local food industry association and commerce chamber.

Market regulators and other relevant officials attended the signing ceremony.

Ren Weiwei, chief of Chengdu Food Commerce Chamber, said in the ceremony that all food companies should unite and set the moral standard. The companies should be ready for the public surveillance and focus on protecting health and interest of consumers.

Over a thousand food companies attended the ceremony and pledge to ensure food safety and build up "Chengdu brand". (Source: CFDA)

Guangdong Rewards Report on Illegal Food Cases

The local FDA of Guangdong province said in a recent notice that the regulators would reward those who report on illegal food and drug cases as much as 300,000 yuan.

In 2015, the local regulators in Guangdong have investigated 28,415 cases that relate to food and drugs, up from 132% from last year. Guo Yuhua, press officer of Guangdong FDA, said that clues of 80% of these cases are based on reports and complaints from local consumers.

The new regulation is based on the concerns that the rewards in the past years are not sufficient to encourage the whistle blowers.

Mr. Guo said that once the clues are confirmed as valid, the person who reported it would get rewarded, instead of waiting till the case is solved. (Source: China News Net)

Mobile Medical Has a Cold

China's mobile health industry has been developing rapidly over the past year, both in terms of the number of ventures and the amounts these companies have raised from investors. But rumors have emerged that some of these ventures are teetering on collapse. Although the mobile health industry isn't anywhere near as hot as it used to be, it still has a lot to offer patients, experts say. However, policy barriers, restraints on accessing medical data and strained doctor-patient relationships remain important obstacles to the development of mobile health in China.

Still, experts say investment in this area will continue due to the many market opportunities as

well as government reform of the healthcare system.

Beijing Spring Rain Software Co, a leader in China's mobile health industry, has recently become the subject of rumors that it will eventually fail due to the market's meager capacity and the company's unrealistic business model.

Spring Rain said its competitors started the rumors because of their own discomfort from the company's rapid rise, according to a report from industry news portal techweb.com.cn on Tuesday.



Mobile health, or the practice of medicine and public health via mobile devices, started gaining momentum in 2014. Since then, several prominent players have emerged along with Spring Rain, such as the online academic portal dxy.cn.

Some experts see a lot of potential in this industry due to the innovations mobile health can bring to traditional medical treatment.

"Mobile health, as an emerging business, has huge potential in China especially in areas such as the sharing of electronic medical records, online drug sales, disease prevention and elderly care," Jin Yi, partner of healthcare & life science practice at Roland Berger Strategy Consultants, told the Global

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Times on Saturday. "But it is quite difficult to give an exact figure because there are too many market segments. In addition, the advancement of national healthcare reform also influences the available market capacity."

These venture companies have also received a lot of attention for all of the money they have managed to raise. Take Spring Rain for example. The company has raised \$61 million since 2011 and gained a reputation as a reforming pioneer in China's healthcare industry.

The problem is that none of these ventures has emerged as the clear leader.

"It seems that there is no one company in the industry that can stand as a model of success," Sun Di, executive assistant to the general manager at Beijing United Family Hospital and Clinics, told the Global Times on Friday.

Sun acknowledged that mobile health can offer more convenience to patients, but she cautioned that the industry has become overheated. There has seemingly been no end to the new mobile health companies that have opened in recent years.

"There are many media reports that they have raised massive amounts of venture capital," Sun said.

In Sun's view, however, there has been too much hype around these companies.

"Unlike traditional hospitals, these mobile health companies are lacking in the traditional treatments - look, listen, question and feel for the pulse - the four ways of diagnosis that are essential to

patients," she said.

Sun noted the government's encouragement in mass entrepreneurship and innovation has spawned numerous venture companies in the mobile health industry in 2014.

"But when we look back now, there are few good ones," she said.

Jin attributed the industry's troubles to several factors.

"Policy barriers are the major obstacle to China's mobile health industry," Jin said. "The Chinese government still heavily regulates the healthcare industry."

For example, the policy restrictions on remote medical treatment and online drug sales have restrained the development of mobile health, Jin noted.

"The government still has doubts about mobile health and continues to explore whether to open up the sector," Sun said.

As for concerns about the inaccessibility of medical data, which remain almost completely monopolized by public hospitals, Jin didn't think that data would be a big obstacle to mobile health.

"The government is now vigorously promoting regional medical consortiums throughout the country," he said. "This kind of integration and portability of medical data will surely promote data accessibility by the third-party institutions."

Sun still has doubts about the profit model that mobile health companies employ.



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"I haven't seen any good way for them to translate their users into cash flow," she said.

Sun also worried about patients' safety and the quality of medical treatment at mobile health institutions.

"Doctor-patient disputes caused by irregular medical treatment will be a serious hidden peril to the mobile health industry," Sun said.

Despite the huge amount of venture capital that has entered the mobile health industry over the past few months, Jin refused to call it investment bubble.



"I'm inclined to attribute the excessive investment in this sector to investors' over-optimism about the pace of the government's liberalization of the healthcare industry," he said.

In fact, the government still prohibits the sale of prescription drugs online, even though it has been more than a year since the China Food and Drug Administration had solicited public comments on the issue in May 2014. The market saw the solicitation as a sign that the government would allow prescription drugs to be sold online.

Jin believes that more funds will enter the industry due to the many market opportunities and Chinese government's determination to reform the country's healthcare system.

"The efficiency losses still widely exist in the medical treatment," Jin said. "And these areas are where the mobile health can play a tremendous role. Besides, there may be explosive growth in areas such as disease prevention and elderly care."

On the whole, Jin remains optimistic about the prospects of mobile health in China. He is still bullish about remote medical treatment, the sharing of electronic medical records and the online sale of drugs.

Sun is not as optimistic as Jin.



"The pace of investment will slow down and the amounts will shrink," Sun said.

In Sun's view, traditional hospitals will be strong competitors to mobile health companies due to their substantial resources.

"It is relatively easier for traditional hospitals to integrate with the Internet to explore the online-to-



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offline medical services," Sun said. "But it is difficult for the online companies to explore and integrate offline medical services because they lack the physical facilities and certified physicians." (Source: Global Times)

China's Retailers Hope for Big Spending as Lunar New Year Rush Kicks Off

A shopper views beaded personal accessories at a bargain bazaar in Beijing, China, January 21, 2016. European Pressphoto Agency

China's central bank is pouring cash into the financial system to make sure the ATM machines don't run dry during the early February Lunar New Year holiday.

That's left retailers hoping that consumers will bust out their bank cards and spend away in spite of the darkening economic clouds on the horizon.

"We hope sales will be better this Lunar New Year," said a marketing official with Fun² Shopping Mall in the southern city of Shenzhen who gave her surname as Chen. "But we suspect they'll be pretty much the same as last year."

In a bid to boost sales of clothing, shoes and food items, the 90-store Fun² mall operated by state-owned China Resources (Group) Ltd. is offering discounts and reducing the minimum amount that customers must spend for a free gift to 100 yuan (\$15.20) from last year's 188 yuan. The group declined to give its sales target.

Retail sales in China have been a rare bright spot as annual growth downshifts to 6.9%, its slowest pace in 25 years, and manufacturing and real estate investment slump. But economists expect consumption to slow this year as layoffs increase and demand weakens. In December, retail sales growth edged down to 11.1% year on year from 11.2% in November.

Gao Jie, a 34-year old salesman working in Beijing, said he expects to spend 10,000 yuan welcoming in the Year of the Monkey, about the same as last year. Roughly one-third will be spent on restaurants and special food in his hometown in Hebei province adjoining the capital, he said wrapped in a black down jacket against the cold. Another third will be spent on gifts for his parents and relatives, including hongbao, the cash-filled red envelopes meant to bring good luck and ward off evil spirits. And the rest will be frittered away on other expenses, he said.

Some people this time of year try and avoid situations where they'll have to spend, which helps their wallet, if not the economy. Migrant worker Li Li, age 32, decided not to go home to central Hubei province last October after losing his job "so I won't have to hand out all the hongbao at Lunar New Year," he said.

Others tell their parents they're busy in order to minimize the time at home with its obligatory cash outflows. There's even a term for those who dread going home for the holidays either because they'll spend too much, expect a grilling on their marital plans or face other anxieties; they're known as the kongguizu, or "those who fear returning home."

"I don't want to go home for the New Year," said a user identified as GuoXingXingsrd on the social media site Weibo. "I don't have money. There will be lots of fights when I get home. I'll be bored to death."

A clue to expected weaker spending can be seen in corporate profits, a leading indicator of where household spending and incomes will be six to nine months later, said analyst Thomas Gatley with research group Gavekal Dragonomics.

"People get pre-Chinese New Year bonuses that reflect how companies did over the past six months, which has been terrible," said Mr. Gatley.

Industrial profits at larger companies fell 1.9% during the first 11 months of 2015, compared to an increase of 5.3% for the year-earlier period, according to official figures. And Beijing's prolonged anti-corruption campaign will further dampen consumer enthusiasm, particularly for luxury goods, he added.

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 nutritional ingredients. The association's major focus is the continued development of China's overall natural health product industry as well as offer business services to its global members.

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