



# CHINA UPDATES

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## Association Set to Attend FIBO China Expo



[FIBO China Expo](#) will take place September 7-9, 2017 in Shanghai, China at the Shanghai Convention & Exhibition Center of International Sourcing. FIBO is China's premier fitness and sports nutrition expo.

The Expo is organized by [Reed Sinopharm Exhibition](#), which is a joint venture between Reed Exhibitions from the UK and Sinopharm China's largest pharma company.

The association will be hosting a three-hour sports nutrition educational seminar on September 7, 2017 at the expo in Room 3M3. The seminar's purpose is to share information on the latest products, ingredients and research from the international sports nutrition industry. Presentations from Aker BioMarine, AlzChem, Bodylogix, Glanbia, GNC and TSI Group are scheduled.



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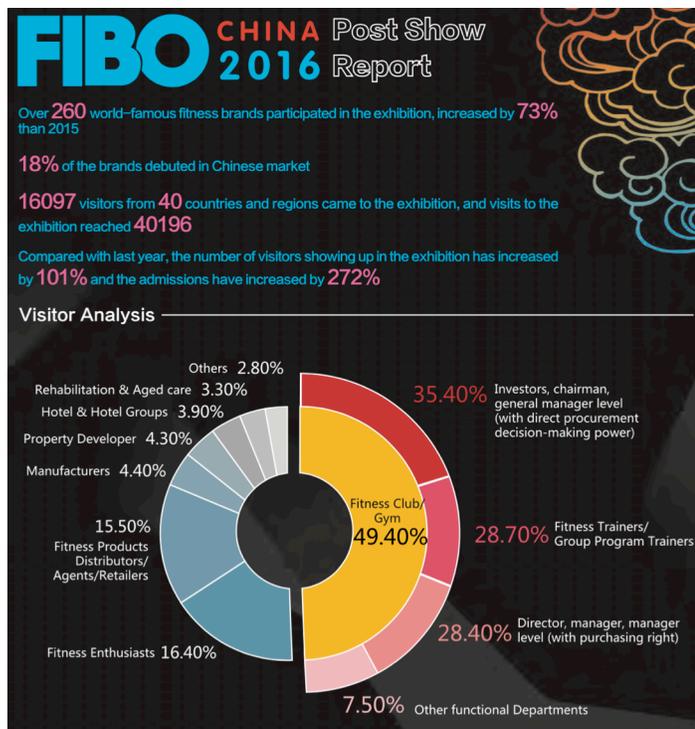


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Also the association will have a pavilion on the Expo floor with four of its members AlzChem, Atrium Innovations, TSI Group and VitaCo.

FIBO China 2016 Info:



(Source: USCHPA)

## Nanning Spot Check Health Food

The local market regulator of Nanning recently launched a spot check campaign towards local health food market. Among 55 vendors checked, 40% of them were found to be operating with problems.

Recently, the local market regulators have noticed mounting complaints from local consumers about health food. The campaign covered products including health food, cosmetic and medical equipment. About 10% of the local vendors were inspected.

The local regulators have requested vendors selling substandard products to suspend from operation and adjust based on regulations. The authority also release the information of these vendors on the official website of national industry and commerce regulator for inspection. (Source: news.china.com)

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## CFDA: Health Food Market Better Regulated

"Health food industry is regarded as an industry without much credit by many," said Xu Huafeng, secretary in chief of China Health Care Association, adding advertisements on health food are key target by regulators.

The illegal advertisements of health food are typically harmful, according to Ma Zhongming, chief of inspection of CFDA, especially those which mix the concept of health food with drug. Many of the ads exaggerate the function of health food.

The State Council recently teamed up with nine other government agencies to release a plan of cracking down on illegal marketing campaign and false advertisement of food and health food. The regulators would inspect relevant companies in efforts to spot illegal conduct in the market.

"Recently we have spotted a lot of illegal ads which were not reviewed by CFDA," said Mr. Ma." Some agencies even fabricate our stamps on relevant documents. "

"We aim to put an end to the illegal conducts by improving the legal system," said Mr. Ma (Source: CFDA)

## Chinese E-Commerce Adapts to New Consumption Trends

As Chinese consumers become increasingly affluent and sophisticated, the country's e-commerce companies are catering to new consumption patterns to grab a larger market share.

Yanxuan, an e-commerce site under Chinese Internet company NetEase, offered a special deal for the June 18 shopping festival: customers can enjoy 20 percent off for the first three items they buy, but no discount will be given for any extra purchase. They want to concentrate on the quality of purchases not just the volume.

Just like its name, meaning "strict selection," Yanxuan is trying to make its way through a crowded e-commerce market with quality control and calls for a simpler lifestyle.

NetEase is not alone in adapting to changes in consumer demand.



According to a report jointly released by e-commerce giant JD.com and data analytic firm Analysys, Chinese consumers are becoming more and more rational in their online shopping behavior and tend to focus more on the shopping experience rather than just low prices.

Companies acted fast on the change. MIJIA, an online e-commerce site launched by leading smartphone maker Xiaomi, offers selected products, especially smart devices and home appliances, to meet the demand of consumers craving high quality goods.

Alibaba's Tmall changed its slogan from "It's enough to shop on Tmall" to "Go on Tmall for an ideal life" this year, reflecting a shift toward quality products.

"E-commerce companies in China are gradually moving up the supply chain, producing high-quality products themselves. That will be an important trend for online retail in the future," Analysys said in another research report.

In addition to quality upgrades, e-commerce giants in China are also looking at physical retail stores, trying to integrate online and offline customer experiences, using big data.

China's online shopping is seeing robust growth, with total online retail sales hitting 2.47 trillion yuan in the first five months of 2017, up 32.5 percent year on year.

However, physical goods sold online accounted for only 13.2 percent of total retail sales in the same period, according to the National Bureau of Statistics.

That leaves Alibaba and other e-commerce companies a lucrative offline market that's relatively untapped. In a speech last year, Alibaba founder Jack Ma raised the concept of "New Retail," which aims to eliminate the distinction between online and offline commerce via streamlined services from shopping to payment and delivery.

Since then, Alibaba has made dozens of ventures in offline retail, including its share-swap deal with Suning Commerce Group and a deal to merge with

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brick-and-mortar retail chain Intime.

In May, Alibaba bought an 18 percent of stake in Lianhua Supermarket, becoming the second largest shareholder of the supermarket chain, which operates more than 3,600 affiliated stores throughout 19 provincial-level regions in China.

The investment in physical stores allows e-commerce companies to better integrate data collected offline to create more sophisticated customer profiles, offering customized shopping experiences, according to analysts.

For example, Hema Xiansheng, a fresh food chain invested by Alibaba, only accepts online payment at its physical stores. With a mature logistics system, the company allows customers to order online and delivers fresh food within 30 minutes ordering.

"New retail, in its essence, is a strategy that adapts to the change in customer demand," said Hou Yi, founder of Hema Xiansheng.

"Online retail is playing a dominant role in reshaping the retail industry," the Analysys report said. "We expect to see more cases of strategic cooperation between online retailers and physical stores." (Source: Xinhua)

## AI Will Transform Healthcare Sector

Artificial intelligence technology will transform the medical sector and trigger an estimated 1 trillion yuan (\$147 billion) market during the next 20 years.

A report from Firestone Inventing, a consultancy specializing in the medical industry and based in Hangzhou, showed that China is now one of the leading AI research and development centers along with the United States.



Last year, there were 144 Chinese AI companies involved in the medical sector. The majority of them were based in Beijing, Guangdong and the Yangtze River Delta.

"The era of AI is inevitable and has already been broadly applied to the healthcare area," said Dai Tao, deputy director of the Development Center for Medical Science and Technology at the National Health and Family Planning Commission in Beijing.

"For example, when AI is applied to the field of radiodiagnosis, it only takes five seconds for a computer tomography (CT)," he added. "Before, it would take up to half an hour."

Dai stressed that what is happening in the AI sector is just a glimpse of the future.

During the next two decades, artificial intelligence will radically change the healthcare industry and save lives.

"The government should strongly support the development of smart medical treatment, and promote the innovation of medical techniques," he said.

AI will also have a crucial role in the field of big data, a vital pillar of the information industry.

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Medical big data is used to crunch vast amounts of complex statistics to show patterns and trends which are vital in healthcare.

Already doctors are using artificial intelligence systems to help them when dealing with patients.

"AI now is widely used in medical care," said Zhang Jiang, president of Ping An Ventures, a major investment company in Shanghai. "It helps doctors in diagnosing problems with patients."

"This not only lowers the service costs, but also improves the accuracy of the diagnosis," Zhang added.

The government has been encouraging the application of medical big data since 2015 as well as rolling out policies dealing with AI development in the healthcare industry.

The Ministry of Science and Technology, and the National Health and Family Planning Commission launched a blueprint to support medical innovation during the 13th Five-Year Plan (2016-20).

This involved guidelines on research in techniques in bioscience, precision medicine and medical AI.

Last year, Firestone Inventing revealed in its report that medical AI investment topped 2.58 billion yuan, which was a jump of 193 percent compared to the same period in 2015.

Major tech companies such as IBM, Google Inc, Microsoft Corp, Alibaba Group Holding Ltd and Tencent Holdings Ltd are all moving into the field of artificial intelligence.

In 2016, Baidu Inc launched its "Medical Brain" system, using AI to help doctors across China.

"Only 4.8 percent of the urban population go to see a doctor when they feel sick," said Fan Wei, director of Baidu's big data lab.

"Up to 89 percent of the online population search the internet for medical knowledge," Fan added. "Baidu Zhidao, the question and answer section on search engine Baidu, receives 10 million medical inquiries every day. So, the market for AI in the healthcare sector is huge." (Source: China Daily)



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 and to offer its global members a wide variety of business services to assist in their China endeavors.



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Time: September 6, 2017 9:00 - 17:30

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Location: Shanghai Regal International East Asia Hotel, 516 Hengshan Road, Shanghai 200030, China

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