



CHINA UPDATES

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HPA's Sports Nutrition Summit and FIBO Highlight Video

On September 6, 2017 the association and sponsors GNC and Glanbia Nutritionals hosted the 2nd annual International Sports Nutrition Industry Summit in Shanghai.

On September 7, 2017 the association with sponsor Reed Sinopharm hosted the Sports Nutrition Educational Seminar with presentations from Aker BioMarine, AlzChem, BodyLogix, Glanbia Nutritionals, GNC and TSI Group.

All this was planned around FIBO China Expo, which took place September 7-9, 2017. Next year FIBO will be held August 16-18, 2018 in Shanghai. Be sure to join the association for the 3rd annual International Sports Nutrition Industry Summit on August 15, 2018. The Highlight Video is linked [HERE](#) (Source: USCHPA)



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CFDA Cracks Down on False Advertisement of Health Food

The food safety office of the State Council released a document with eight other central government agencies this July, which was to launch a year-long crackdown on sales fraud and false advertisement of health food.

In the past two months, each agencies has implemented a certain measures for this regard. CFDA officials held a conference call to re-mobilize regulators to meet demands of the State Council regarding food safety. The call was made in efforts to strengthen regulations in the health food and food market nationwide.

Each agency was asked to study speeches given by officials of CFDA and other central agencies. (Source: CFDA)

Lhasa Cracks Down Sales Fraud of Health Food

Market regulators of Lhasa recently launched a special campaign to crack down on illegal sales of health food and relevant false advertisement.

The campaign was to inspect manufacturers, sales and third-party platforms to spot illegal conducts in advertisement, copycats and trademark infringement.

The campaign will last from September till the end of next June. Companies are asked to self-inspect by December and report to the local industry and commerce departments.

Enhanced punishment will be taken towards those companies which are spotted by regulators to violate relevant regulations in the field of health food and general food. (Source:cfqn.com)

China to Control Rumor of Food Safety

China Wednesday has released a statement requiring food safety inspection authorities to disclose information and control food safety rumors.



Food inspection authorities should publicize accurate and complete food safety supervision information, said the statement.

It requires inspection authorities to identify the companies concerned in rumors and ask those companies to rectify issues quickly.

Organizations or individuals are not permitted to release reports or warnings about national food safety issues without authorization. No entities can publish or distribute food inspection reports issued by unqualified inspection institutions, according to the statement.

It also requires police to strictly punish those who start or spread food safety rumors.

Overall, the Chinese food safety situation is positive. However, rumors surface from time to time, leading to public concern. The statement was jointly released by the Food Safety Commission under the State Council together with another nine agencies.(Source: Xinhua)

Mobile E-Commerce Sales in China Poised to Top US\$1 Trillion

More than three quarters of mainland China's online retail sales next year – forecast to be worth more than US\$1 trillion – will be transacted over mobile devices, led by e-commerce behemoths Alibaba Group Holding and JD.com.

That growth is being spurred by the rising number of domestic online shoppers, especially those from the smaller cities, benefiting from the increased proliferation of smartphones as well as efforts by Alibaba and JD to make purchases on mobile devices easier, according to an eMarketer report.

The research firm predicted the total number of smartphone-based online shoppers on the mainland to reach 443.3 million next year, up from an estimated 410.2 million this year.

They would account for 75.3 per cent, or US\$1.2 trillion, of total domestic retail e-commerce sales next year.

It is a trend supported by the country's status as the world's largest smartphone market, and manifested in recent data from Alibaba and Tencent Holdings-backed JD.com.

New York-listed Alibaba, which owns the South China Morning Post, reported in May that mobile monthly active users on its China retail platforms – Tmall.com, Taobao Marketplace and Juhuasuan – reached 507 million at the end of March. The company's financial year is from April to March.

"In addition, Alibaba has expanded its same- and next-day deliveries from 50 to 200 cities, which is having a positive effect on sales," said Oscar Orozco, senior forecasting analyst at eMarketer.

In comparison, JD.com reported in March that fulfilled orders placed through mobile accounted for 78.3 per cent of its total fulfilled orders last year, up more than 110 per cent from 2015.

JD.com also pointed out that it had greater order-fulfillment capabilities than its domestic rivals. It operated 256 warehouses, as well as a total of 6,906 delivery stations and pick-up stations across the mainland as of December 31. (Source: SCMP)

US Summit on Cross-Border E-Trade

A group of Chinese and US experts on cross-border e-trade and financing gathered on Sunday to talk about how technology could improve collaboration and transactions between the world's two largest economies.

Zhang Bin, chief executive of Beijing-based Union Mobile Financial Technology, brought a team whose members each have more than 10 years of experience in China's finance and mobile-payment technology to meet with US residents in Silicon Valley at a Sino-American cross-border trade and technology summit.

"As a beneficiary in China's mass entrepreneurship and innovation movement, UMF now wants to give back to society and our successors," said Zhang, adding that he has been an observer as a national campaign kicked off in 2015 encouraging individuals to start businesses and cultivate the spirit of innovation in China.

Established in 2003, UMF was listed on the Shenzhen Stock Exchange in 2016. It has two wholly owned subsidiaries - Union Mobile Pay e-Commerce and Umpire International (US) - partners with more than 110 financial institutions and more than 3,000 large enterprises and provides payment and cross-border services for 700,000 small and medium-sized enterprises and 450 million individual users.

"The total transactions through our payment platforms surpassed \$130 billion last year," Zhang said.

Thomas Layman, president and chief executive of Global Vision Group, based in San Mateo, California, acknowledged the potential is vast for cross-border trade and e-payments.

"The opportunities for new and existing players in



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supporting cross-border payments continue to grow, especially for low-value, e-commerce payment," he said at the summit.

Frank Tong, China director of e-commerce publisher Internet Retailer, said there are approximately 300 licensed third-party payment providers in China, many of which are authorized to facilitate online payments.

UMF has been issued a payment business license by the People's Bank of China for nationwide internet payments, mobile phone payments and bank card acceptance.

Technology is evolving that will accommodate the emergence of faster, more reliable, more transparent and less expensive options for cross-border payments and remittances, according to Layman.

"The biggest opportunity for (business-to-business) cross-border payments is in the small and medium-sized business sector," Layman said.

As for business-to-customer payments, "Currently, 55 percent of China's internet users have made a mobile payment versus only 19 percent of internet users in the US," Layman said.

Zhang and his team keep identifying new territories in overseas markets and have established footholds in the United States and Canada.

"We utilize new technology, such as AI, blockchain, cloud and big data, to provide our customers not only cross-border payment services but access to China's 500 million e-commerce shoppers," he said. (Source: China Daily)

China's Booming Cosmetic Treatment Industry Belies Rail-Thin Profit Margins

On the streets of Sanlitun in Beijing's Chaoyang

district, it's not uncommon for pedestrians to catch the odor of hyaluronic acid, a chemical used in skin-care treatments, wafting from dozens of cosmetic treatment clinics that have crowded the area.

The clinics are there because there are clients willing to pay - and keep paying - for their services.

"It's like a drug addiction," an executive from a chain of cosmetic treatment clinics told Caixin Weekly on Monday.



"If a woman walks in, there is an 80 percent chance she will try the service. And once women try it, most will become clients for the rest of their lives," said the executive, who preferred not to be identified.

The cosmetic treatment industry capitalizes off the pursuit of beauty. In China, the industry has burgeoned over the last five years, averaging an annual growth rate of nearly 30 percent. By 2016, the domestic market was worth billions of yuan.

Even though the market has grown rapidly in China, it remains largely untapped, especially when compared with countries with mature cosmetic treatment markets such as South Korea, Japan and the US.

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China's huge population and rapidly growing middle class give the industry tremendous potential, according to the report. The market is also being propelled by the generation born in the 1990s, which has come under the influence of online celebrities augmented by plastic surgery, fashionable clothing and immaculate makeup.

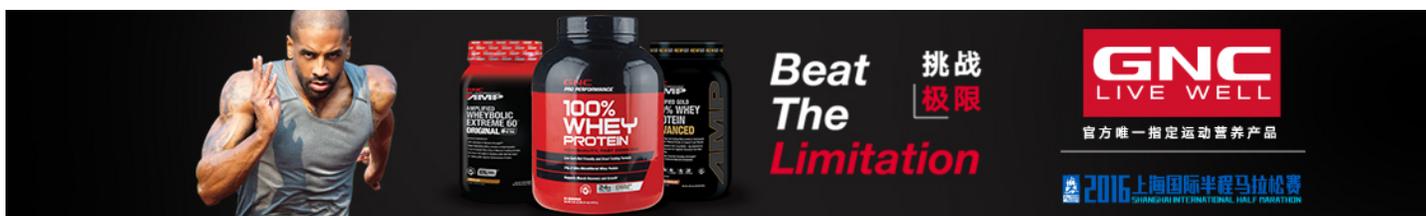
These groups are not only open to cosmetic treatments, but are also willing to borrow money to pay for them, offering the possibility of explosive future growth for the industry, the report said.

However, the industry remains a sector that sits on inflated gross profit without generating much net profit, industry insiders noted.

For example, the gross profit margin of the cosmetic treatment companies listed on China's New Third Board averaged above 50 percent. But their net profits are lower than 15 percent, and are in some cases below 7 percent, Caixin reported.

The phenomenon is more evident in the unlisted small and medium-sized cosmetic treatment companies. "Only one-third of the companies are actually making a profit," an unnamed investor told Caixin.

And the small net profits are being eroded by surging costs in advertising because the industry relies heavily on marketing to win clients, analysts said. (Source: Global Times)



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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