Trends and Developments in the Chinese LSH Sector:
Business opportunities for the Netherlands

Website CMEF

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Outline

- ❑ Introducing the VWS-Team China: What & How
- ❑ Key Figures & Indicators
- ❑ Governance of LSH Sector
- ❑ Medical Service Sector
- ❑ Pharma Sector
- ❑ Medical Device Sector
- ❑ Policy trends
- ❑ Regulatory Roadmap to Chinese Market
- ❑ Practical tips

From Contact to Cont*R*act

What?

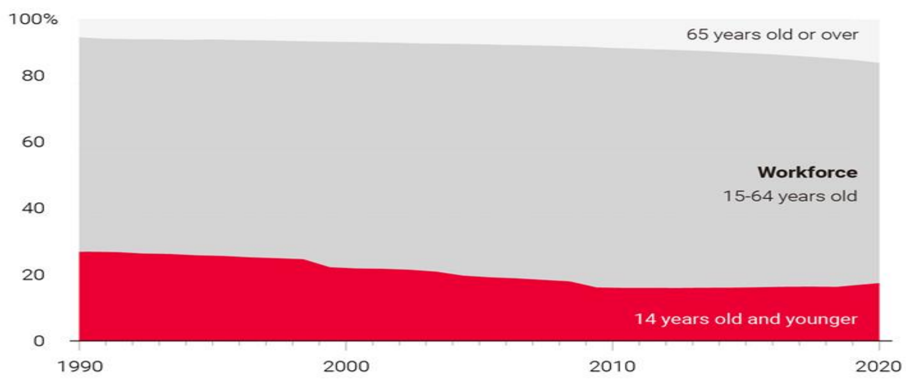
- Health & Care Policy (ICT)
- Public Health
- Curative Care
- Medicines & Medical Tech
- Long Term Care (Elderly Care)
- Sport

How?

- Info
- Partners
- Events

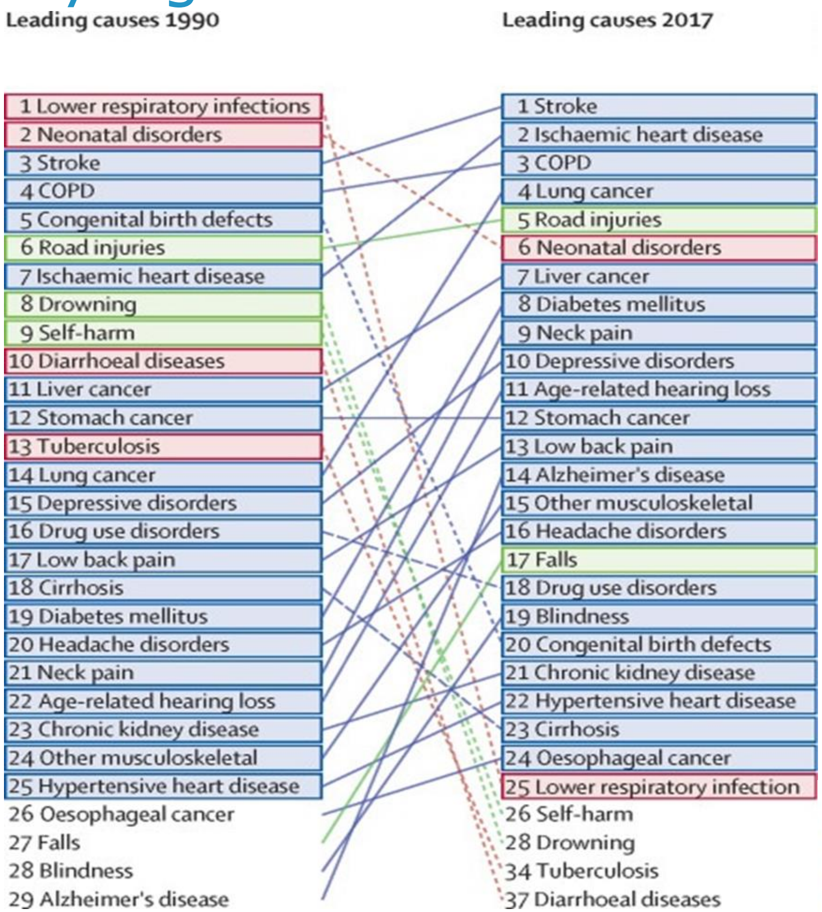
Key figures and indicators (1)

Key Figures	
Population	1,42 billion
Fertility rate	1,3
Age 65+	190.64 million (13,5%)
Total Health expenditure	6,6% GD 4656.7 RMB/Capita



Key Indicators	2015	2020	2030
Aveage life expectancy (yrs)	76,34	77,3	79
Infant Mortality Rate (‰)	8,1	7,5	5
Maternal Mortality Rate (per 100 000)	20,1	18	12
Population with regular physical exercises (100 million)	3,6 (2014)	4,35	5,3
Premature mortality rate from major NCDs (%)	19,1 (2013)	10% ↓ based on 2015	30% ↓ based on 2015
Nr. of (assistant) doctors / nurses (per 1000 population)	2,2	2,5 / 3,18 (2019)	3 /
Co-payment/ total health expenditure (%)	29,3	28	25
Size of the health service industry (1000 billion RMB)		>8	16

Key Figures & Indicators 2 - 25 leading causes of DALYs



NCDs: 88% of the total death

Over 70% of total disease burden

Communicable, maternal, neonatal and nutritional
Non-communicable
Injuries

Source: The Lancet

Governance of Life Sciences & Health Sector

State Council

National Development & Reform Commission

SAMR

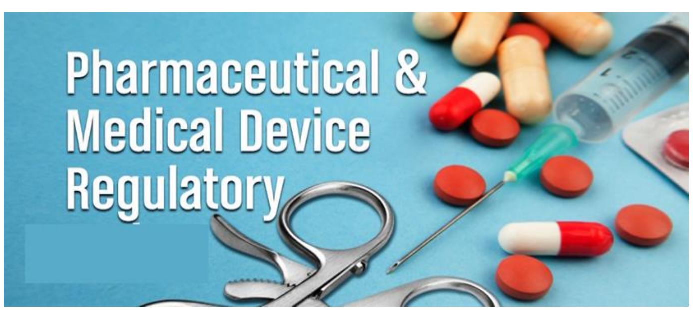
Ministry of Commerce

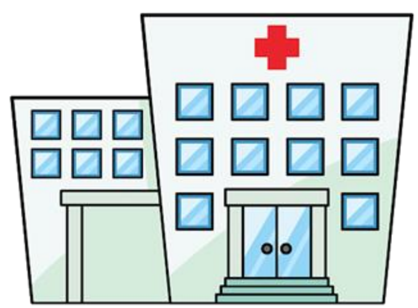
National Medical Products Administration

National Healthcare Security Administration

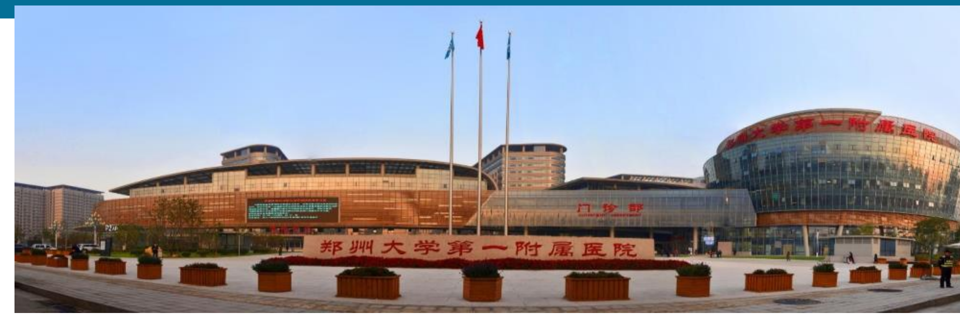
National Health Commission

Ministry of Civil Affairs





❑ Medical Service Sector



Dominated by public providers

Crowded Level III hospitals

Different levels	No. of medical providers	No. of Outpatient visit (100m person times)	No. of Inpatient visit (x10 000 person times)
Level III Hospital	2749	20,6	10483
Level II Hospital	9687	13,4	8380
Level I hospital	11264	2,3	1151
Community Medical centers/stations	954390	45,3	4295
Private Hospital	22424	5,7	3696
Public Hospital	11930	32,7	17487

Pharma sector (1) – General picture

Subsector	Count - 2020	Total Value ($ Millions, 2020)	Value Share 2020	Total Value ($ Millions, 2015)	Value Share 2015
United States	296	2,326,168	38.7%	2,035,572	42.2%
China	208	864,268	14.4%	315,091	6.5%
Switzerland	17	498,775	8.3%	555,752	11.5%
Japan	57	428,114	7.1%	230,513	4.8%
United Kingdom	27	328,454	5.5%	245,438	5.1%
Germany	25	322,319	5.4%	298,656	6.2%
Denmark	10	199,572	3.3%	159,922	3.3%
France	25	176,534	2.9%	203,763	4.2%
India	37	120,071	2.0%	126,807	2.6%
South Korea	57	115,098	1.9%	43,902	0.9%
Australia	4	99,960	1.7%	32,559	0.7%

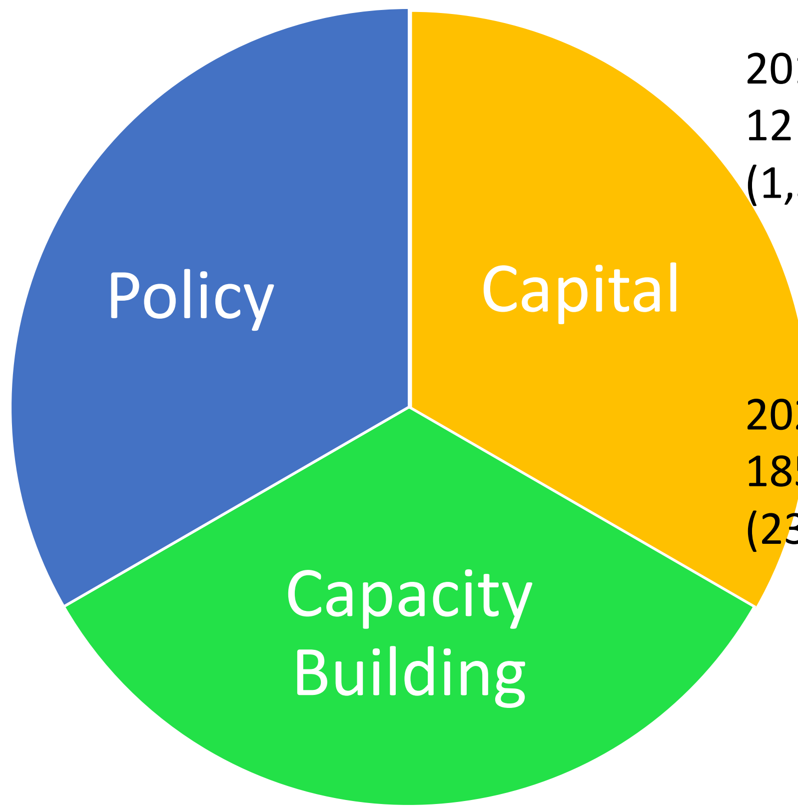
Source: Torreya analysis, Sep 15, 2020

NO.	Value Rank- Chinese Parma
21	Jiangsu Hengrui Medicine
27	Yangtze River Pharma Group
31	Shijiazhuang Pharma Group
32	Chongqing Zhifei
37	Jiangsu Hansoh Pharma Group

Pharma sector 2- Ecosystem

PhIRDA 中国医药创新促进会

RDPAC 中国外商投资企业协会药品研制和开发行业委员会
China Association of Enterprises with Foreign Investment
R&D-based Pharmaceutical Association Committee
CAEFI



VC&PE fund：

2015：
12 Billion RMB
(1,55 Billion EUR)

2020：
185 Billion RMB
(23,8 Billion EUR)

14% of the R&D pipeline globally

Pharma sector (3): Biopharma

- CAGR: Biopharma: 19,4%
  Overall (Chemical +Biopharma+ TCM) : 8,2%

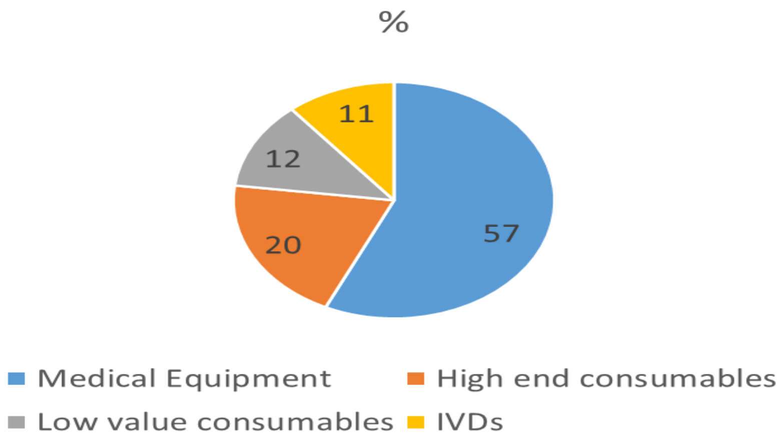
- more than 140 new biotech companies emerged in China from 2010 to 2020

- **License-in (2020) top 15 in value:**
  oncology 12, infectious disease 2, auto-immunity disease 1
  the rest: ophtamology, cardiovascular disease, eurololgy, endocrinology

- **License-out (2020) top 15 in value: oncology 12**

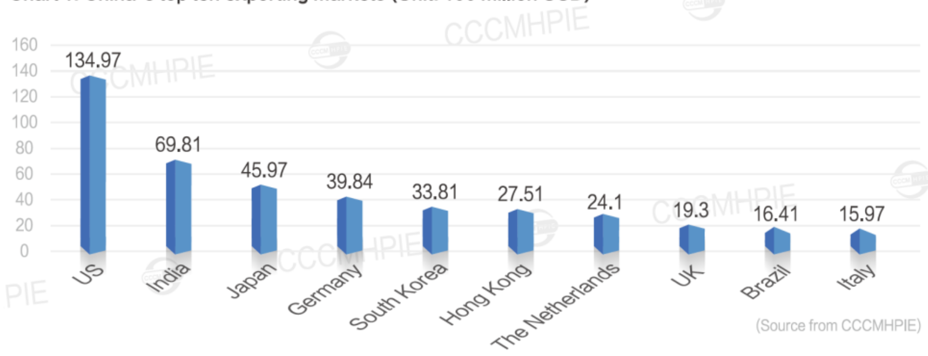
Medical Device sector (1) -General picture

Industry revenu 2020: 800 billio RMB (Annual growth rate 20%) - about 20% global market



No. of MD manufactures	Licensed for Class III	Licensed for Class II	Licensed for Class I	Total
	2181	13000	15500	26 500

Chart 1: China's top ten exporting markets (Unit: 100 million USD)



Medical Device sector (2) -Key players

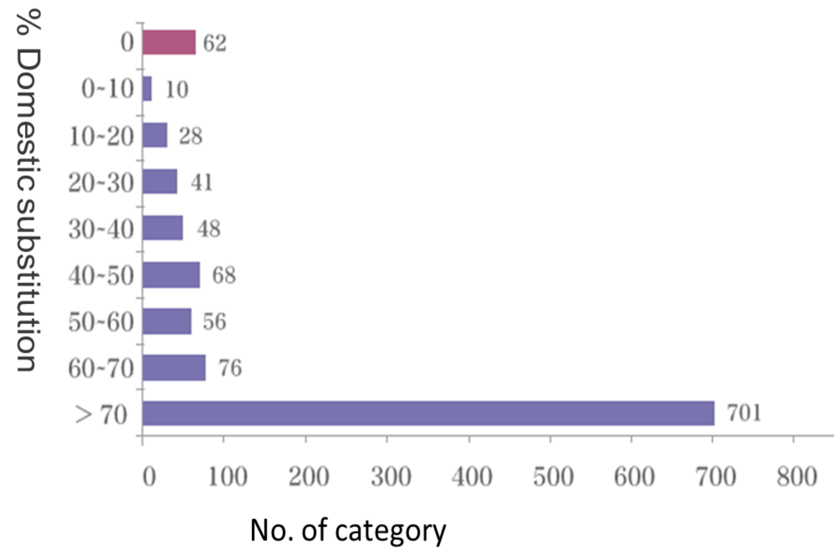
中国医疗器械行业协会
China Association for Medical Devices Industry

	Company	HQ	Main portofolio
1	Mindray	Guangdong province	patient monitoring &life support, IVDs, imaging
2	Autobio 安图生物	Henan province	IVDs
3	WEGO	Shandong province	Consumables & pharma
4	Lepu Medical	Beijing	Cardiology intervention
5	Jafron Biomedical 健帆	Guangdong province	Blood purification industry

Policy trend (1) - Stimulating Innovation

Made in China 2025

& Domestic substitution



% Domestic substitution for Class II MDs, 2020

Regulatory development

- Joined ICH in 2017
- New branch of CDE/CMDE in shanghai/Yangze Delta region
- Fast lane for Innovative products
- Marketing Authorization Holder: C(D)MO towards a domestic license
- FTZ (Hainan) special pathway (RWD) towards/faster approval lane

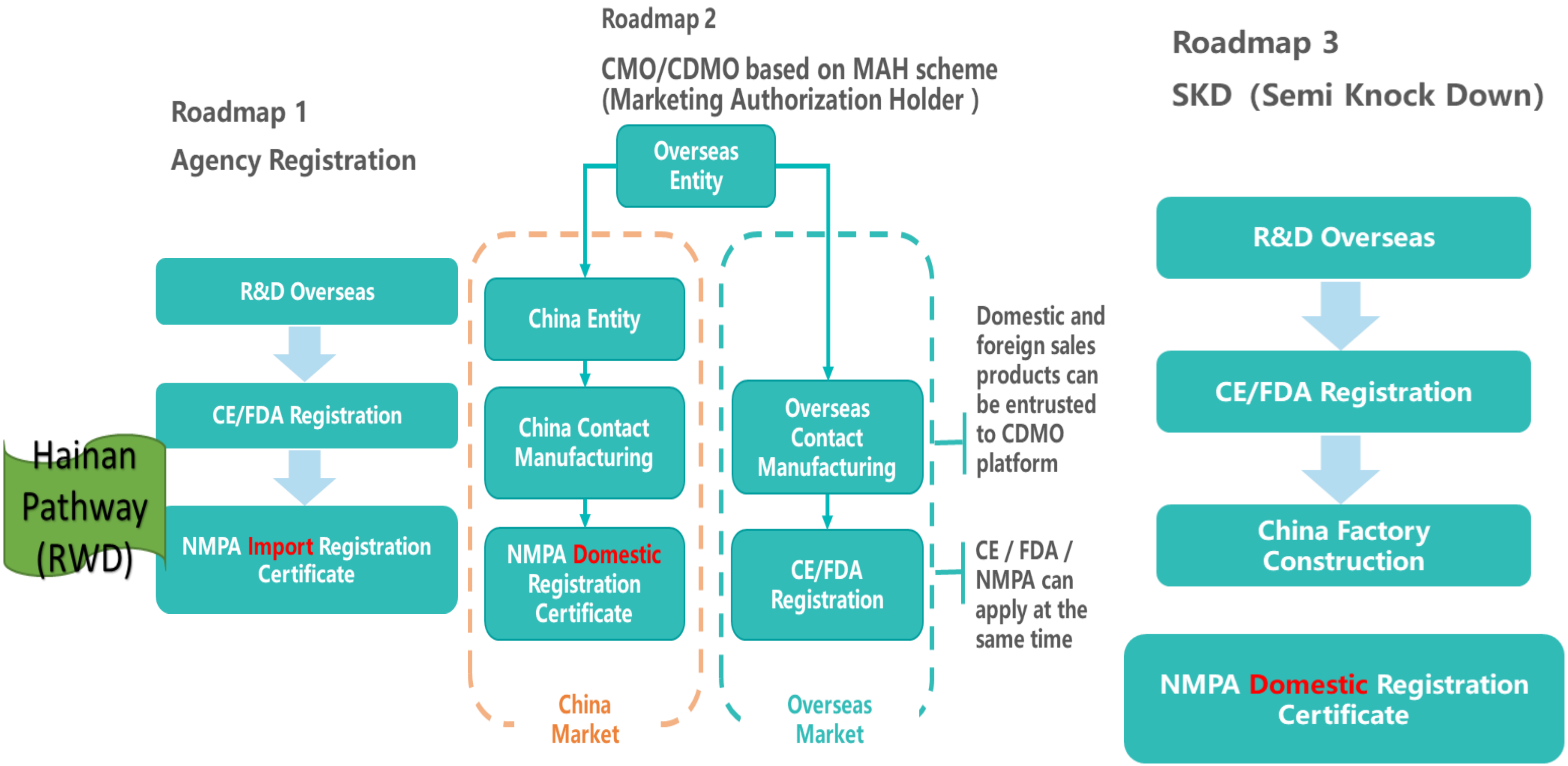
Policy trend (2) - Price Pressure

Centralized Drug/MD procurement

Xinhua News, Nov 2020 :

- China's centralized procurement => 50% drop in prices of over 100 drugs
- China's centralized purchasing => 90% drop in price of coronary stents

Regulatory Roadmap



Practical tips

✓**Do your homework** – a very dynamic/competitive market

✓**Act Quick**

-If your product/solution is high-value with technical niche

✓**Think Twice**

-If similar product/solution is already a lot on the market/not much technical barrier

✓**Choose from volume or margin**

-Overall profit can still be substantial if you choose volume

✓ **Be present on the market**

-A physical establishment(even a representative office) can possibly bring you enormous benefits from local govt.(tax, funding support), investment, and possibly reduce the market barrier (especially in government procurement if registered with domestic certificate)

Thank you!

谢谢

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Questions?

What are your main fields of interest in China?

For more information:

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