STUDY GOAL AND OBJECTIVES
This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

REPORT OBJECTIVES
◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
◆ To complement the organizations’ internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
◆ To help company to succeed in a competitive market, and

METHODOLOGY
Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

INFORMATION SOURCES
The primary information sources include NBS(National Bureau of Statistics of China), Wind, and Ministry of Health of the People’s Republic of China etc.
Abstract

Stimulated by market demand and stable national investments, the hospital industry of China has long maintained steady progression in recent years. Up to the end of October 2011, the number of hospitals in China grew from 19,246 in 2006 to 21,415 including 1,353 first-level hospitals, 6,507 secondary level hospitals, 5,367 third-level hospitals and 8,188 undetermined-level hospitals. From 2005 to 2010, the industry revenue saw a substantial rise from RMB423.8 billion to RMB1.0284 trillion, with a CARG of 19.4%.

As the government has introduced a series of favorable policies that promote the reform of public hospitals, encourage and guide the inrush of social capital to enter hospital industry, etc., numbers of non-public hospitals and profitable hospitals in China surged to 7,739 and 5,096 respectively in 2010, with CARGs of 14.6% and 11.4% during 2006-2010, towering above that of public and non-profit hospitals.

In terms of hospital classification, specialized hospital has long been a concern of social capital due to smaller funding and higher profit margin, presenting a strong momentum of development. In 2010, there were a total of 3,956 specialized hospitals around China, of which, non-public specialized hospitals occupied 55.3% (merely 37.2% in 2005). Moving to the operating performance, ophthalmology hospital, plastic surgery hospital, stomatological hospital and other specialized hospitals all scored gross margin of over 10% in 2010, outclassing 4.4% of the hospital industry. Nowadays in China, Aier Eye Hospital, Topchoice Medical, etc. are the successful private specialized hospitals.
In recent years, a variety of social capital has successively tapped into Chinese hospital industry with more and more policy incentives; wherein, venture capital is more inclined to invest specialized hospital chains with higher profit, e.g., in May 2011, Tiantu Capital, Legend Capital, etc. jointly invested nearly RMB200 million in EverCare Cosmetic Surgery Hospital; and pharmaceutical corporations have in succession accessed to hospital industry with the intention of breaking through the whole industry chain of medical and health industry, for instance, Beijing SL Pharmaceutical projected RMB160 million for joint establishment of Xinxiang Municipal Central Hospital; while foreign capital operates in China by means of cooperative management, share holding as well as joint construction and operation of new hospitals (led by foreign side), primarily targeting Chinese high-end medical market, such as Chindex United Family Hospital, etc..

### Some Investment Cases in China Hospital Industry by end of 2011

<table>
<thead>
<tr>
<th>Name of Hospital</th>
<th>Nature of Hospital</th>
<th>Investors</th>
<th>Capital</th>
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<tr>
<td>Xinxiang Municipal Central Hospital</td>
<td>State-owned General Hospital</td>
<td>Beijing SL Pharmaceutical</td>
<td>RMB160 million</td>
</tr>
<tr>
<td>Suqian People's Hospital, Nanjing Drum Tower Hospital Group</td>
<td>State-owned General Hospital</td>
<td>Jinling Pharmaceutical</td>
<td>RMB70.126 million</td>
</tr>
<tr>
<td>Changzhou Qianhong Hospital</td>
<td>Private General Hospital</td>
<td>ChangZhou Qianhong Bio-pharma</td>
<td>RMB80 million</td>
</tr>
<tr>
<td>VAV Dentistry Group</td>
<td>Private Specialized Hospital</td>
<td>CEL Partners</td>
<td>RMB65 million</td>
</tr>
<tr>
<td>Angel Group (China)</td>
<td>Private Specialized Hospital</td>
<td>CDH Investments, Zero2ipo Capital</td>
<td>RMB100 million</td>
</tr>
<tr>
<td>Arrail Dental</td>
<td>Private Specialized Hospital</td>
<td>KPCB (Kleiner Perkins Caufield &amp; Byers), Qiming Venture Partners</td>
<td>US$20 million</td>
</tr>
<tr>
<td>Puning Kangmei Hospital of T.C.M.</td>
<td>Private Specialized Hospital</td>
<td>Kangmei Pharmaceutical</td>
<td>RMB300 million</td>
</tr>
<tr>
<td>Hangzhou HengHa Dental Hospital</td>
<td>Private Specialized Hospital</td>
<td>Zhejiang Xianju Pharmaceutical</td>
<td>-</td>
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<tr>
<td>Bosheng Medical</td>
<td>Joint-stock Company</td>
<td>CCB International</td>
<td>RMB240 million</td>
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</table>

Source: ResearchInChina
China Hospital Industry Development and Investment Report, 2011-2012 mainly covers the followings:

◆ Status quo of Chinese hospital industry, including operation, supply & demand, competitive pattern, development prospects, etc.;

◆ Development environment of Chinese hospital industry, containing medical reform policies, status quo, direction, as well as government investment, etc.;

◆ Development of Chinese private hospitals, covering status quo, development environment, development direction, and specific cases of private capital integration into the hospital industry, etc.;

◆ Development of Chinese specialized hospitals, referring to operation, development prospects and other aspects of eye hospital, stomatological hospital, plastic surgery hospital, beauty hospital, women’s hospital, children’s hospital, cancer hospital, etc.;

◆ Development of foreign hospitals in China, comprising policy environment, operation situation, operation mode, etc.;

◆ Current operation, investment & acquisitions, trend prediction, etc. of 15 major private specialized hospitals and foreign hospitals (including Aier Eye Hospital, Topchoice Medical, CMS Holdings, Chindex United Family Hospital, etc.) in China.
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- Routing No #: 332906
- Bank SWIFT Code: COMMCNSHBJG

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