



# China Hospital Industry Report, 2015-2018

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## 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 Company Reports, and National Bureau of Statistics of China etc.

## Abstract

Stimulated by the demand, the number of hospitals in China rose from 21,979 in 2011 to 26,479 at the end of May 2015, an increase of 4,500 in total. Among them, public hospitals showed an overall decline whereas private hospitals increased rapidly.

During the period from 2011 to late May 2015, the number of private hospitals in China advanced 4,713, with the share up from 38.4% to 49.7%. But in point of revenue, China's private hospitals just accounted for 10%.

In terms of medical service, between January and May 2015, China saw 1.2152 billion hospital visits, up 5.4% from a year earlier. Although the number of public hospitals occupied only 50.3% of total hospitals, yet the public hospital visits represented up to 89.1%, which was mainly due to the fact that private hospitals are small in scale and have relatively poor treatment level and lower public awareness.

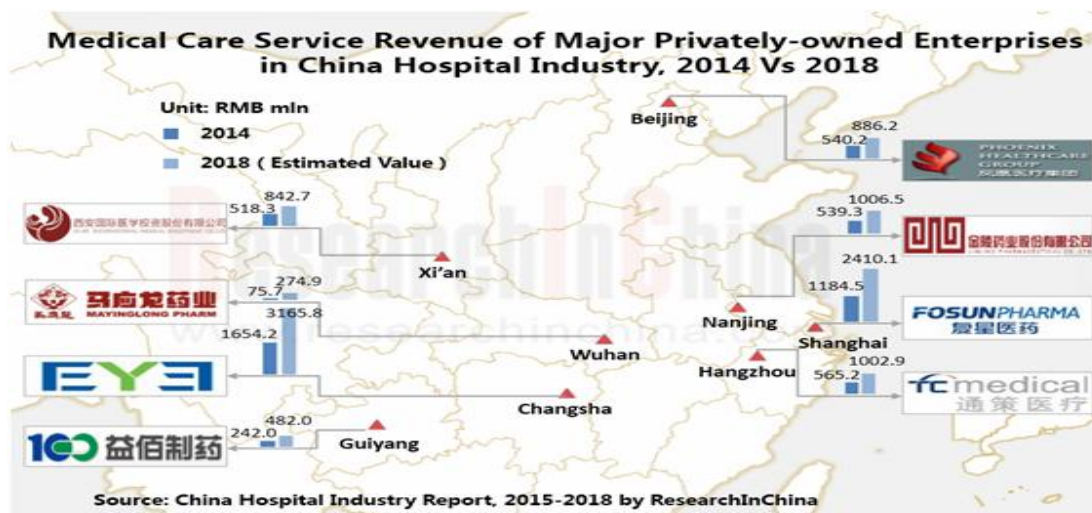
At present, more investment has gone to specialized hospitals, which have captured long-term attention from social capital, hence a great market demand. As of the end of 2014, the number of specialized hospitals in China were expected to reach 5,449, making up 21.4% of the total. Among them, mental hospitals, maternity hospitals, orthopaedic hospitals, stomatological hospitals, and ophthalmic hospitals constitute the mainstay. Tumor hospitals generated the most revenue while beauty hospitals, ophthalmic hospitals, and stomatological hospitals produced relatively higher profit margin.

In recent years, the State has introduced a series of favorable policies designed to encourage private capital into the hospital industry, thus setting off a wave of social capital inrush to medical service. Currently, many private companies including Aier Eye Hospital Group, TC Medical, Mayinglong Pharm, Shanghai Fosun Pharmaceutical (Group), Jinling Pharmaceutical Company Limited, and Phoenix Healthcare Group have ventured into the field of medical service. Among them, Aier Eye Hospital Group and Shanghai Fosun Pharmaceutical (Group) achieved good results in business development. In H1 2015, the medical service revenue for the two companies totaled RMB1.175 billion and RMB674.4 million, respectively.

As China's largest ophthalmic medical chain institution, Aier Eye Hospital Group have established more than 100 professional ophthalmic hospitals throughout the country, with over 3 million outpatient visits annually. In the past two years, the company set up four industrial merger & acquisition funds used to invest in grand health industry, in the hope of increasing hospital outlets and achieving industrial expansion.

Fosun Pharma specializes in drug manufacturing and research and development meanwhile operating medical service business. In recent years, through self-building, mergers and acquisitions, joint venturing, and affiliation, the company has made continuous expansion in medical service and seen explosive growth in revenue from this field. In 2011-2014, the company's medical service revenue registered a CAGR of 371.5%.

In 2014, the company participated in the privatization of Chindex International, Inc. (“Chindex”), and upon the completion of the privatization transaction, Fosun Industrial held a 42.927% equity interest and at the same time owned “United Family Hospital”, a high-end brand for healthcare services under Chindex.



The report highlights the followings:

- Overview of China hospital industry, including number of hospitals, revenue, medical service, competition pattern, summary and forecast, etc.;
- Status quo of specialized hospitals in China, including overall operation, development of specialized hospitals of all sorts, etc.;
- Development prediction of China hospital industry, including the impact of medical insurance system and urbanization on hospital industry, etc.;
- Investment in China hospital industry, including related policies, comparison of public and private hospitals, investment opportunities of social capital, and development model of foreign-funded hospitals, etc.;
- Operation, and medical service business of 16 enterprises venturing into hospital industry.

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- 1.2 Classification
- 1.3 Industry Chain

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