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

China entered the aging society early in 1999. By the end of 2015, China’s population aged over 60 reached 222 million and the old-age dependency ratio 13.9%. By 2020, China’s population aged over 60 is expected to hit 243 million and the old-age dependency ratio 15.8%, accompanied by a further intensified aging trend.

In 2016, the Chinese government promulgated the Guiding Opinions on Financially Supporting the Accelerated Development of Old-age Service Industry, 13th Five-Year Plan for the Development of Civil Undertakings, Several Opinions on Opening up Old-age Service Market and Improving Old-age Service Quality, and other policies to promote the construction of old-age service facilities and actively develop the medical-nursing combined old-age service system. At the same time, China’s old-age security system has been gradually improved, with coverage further expanded. By the end of 2015, the number of people participating in the basic endowment insurance amounted to 858.33 million, including 353.61 million urban employees and 504.72 million urban and rural residents. By 2020, the number of people participating in the basic endowment insurance is estimated to hit 923.8 million.

Aged care industry mainly involves old-age apartment construction, household management service, and financial service industry as well as treatment, pharmaceutical & health-care products, home appliances, health management and other medical and health services for the elderly. This report mainly focuses on the old-age real estate market.

There are business opportunities worth approximately RMB4 trillion in the Chinese aged care market and expected to grow to RMB13 trillion by 2030, showing promising prospects. Under the impetus of potential benefits and favorable policies, some real estate developers, insurance companies and diversified enterprises as well as a number of foreign companies are starting layout for aged care projects in China.
### Main Enterprise Layout in China Aged Care Market, 2016

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<th>Corporate Nature</th>
<th>Corporate Name</th>
<th>Time</th>
<th>Layout</th>
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<tr>
<td>Real Estate Enterprises</td>
<td>Vanke</td>
<td>Jan. 2016</td>
<td>Vanke launched the first aged care project V+ Care in the Guangzhou-Shenzhen area.</td>
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<td></td>
<td></td>
<td>Feb. 2016</td>
<td>Vanke launched the community-based care service brand Younger Life.</td>
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<td></td>
<td>Poly Real Estate</td>
<td>H1 2016</td>
<td>Poly Real Estate established a healthy &amp; aged care company. 11 aged care projects planned or put into operation in Beijing, Shanghai, Guangzhou, Chongqing, etc.</td>
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<td></td>
<td>Sino-Ocean</td>
<td>H1 2016</td>
<td>Sino-Ocean entered and was stationed in Beijing, Shanghai and Dalian for speeding up the endowment industry layout.</td>
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<td></td>
<td>China Resources Land</td>
<td>Dec. 2016</td>
<td>The Northeast Region of China Resources Land bought the plot of an aged care center (No. 2016-12, Xiaoxian Street, Shenyang District, Shenyang) at the price of RMB 52 million and formally entered the old-age real estate industry.</td>
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<tr>
<td>Insurance Companies</td>
<td>Taikang Life</td>
<td>Jul. 2016</td>
<td>Taikang Community ShangGarden in Shanghai came into service.</td>
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<td></td>
<td>Union Life</td>
<td>Nov. 2016</td>
<td>Union Life, Circle W LLC and the U.S. real estate investment trust fund Welltower, Inc. initiated an investment worth approximately USD 350 million (about RMB 2.34 billion) to buy 39 old-age care communities in 13 U.S. states including New Jersey, Pennsylvania, Massachusetts and Virginia.</td>
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<td></td>
<td>China Taiping</td>
<td>Jun. 2016</td>
<td>Taiping Senior Living Management Co., Ltd. and Watermark Retirement Community established Taiping Watermark (Shanghai) Pension Enterprise Management Co., Ltd., held by Taiping Senior Living Management Co., Ltd. and docking the “Chinese Parasol Family” project.</td>
</tr>
<tr>
<td></td>
<td>New China Life</td>
<td>Sept. 2016</td>
<td>New China Endowment Insurance Co., Ltd. as the seventh professional endowment insurance institution was officially opened.</td>
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<tr>
<td>Diversified Enterprises</td>
<td>Double Arrow</td>
<td>Apr. 2016</td>
<td>Zhejiang Double Arrow Rubber Co., Ltd. and Shanghai Hongyi Homeland Enterprise Management Co., Ltd. set up Shanghai Double Arrow Homeland Investment Management Co., Ltd. in Shanghai to accelerate the former’s investment in pension service industry.</td>
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<td></td>
<td>Jinling Hotel Nanjing</td>
<td>Apr. 2016</td>
<td>The Jinling Hotel Nanjing and Jiangsu Finance Department jointly founded the first pension industry fund in Jiangsu province—Jiangsu Pension Industry Investment Fund.</td>
</tr>
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<td>Foreign Companies</td>
<td>Watermark Retirement Community</td>
<td>May 2016</td>
<td>Watermark Retirement Community and Zhonghong Holding Co., Ltd signed a cooperative agreement on cooperation in aged care, etc.; the first collaborative project is the aged care project in Xiangshuang town, Pinggu district, Beijing.</td>
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<tr>
<td></td>
<td></td>
<td>Jun. 2016</td>
<td>Watermark Retirement Community and Taiping Senior Living Management Co., Ltd. established Taiping Watermark (Shanghai) Pension Enterprise Management Co., Ltd., held by Taiping Senior Living Management Co., Ltd. and docking the “Chinese Parasol Family” project.</td>
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Source: ResearchInChina
China’s aged care industry will present the following development trends in the future:

**First, medical-nursing combined care becomes the dominant mode.** Because of the particularity of the elderly and with the support of policies, the “medical-nursing combined” service for the aged will become the main development direction of aged care industry in China. Elderly hospitals, convalescent homes and infirmaries will be opened by aged care institutions to satisfy the elderly's medical-nursing needs.

**Second, the market is more competitive.** Under the impetus of policies, China will further lower aged care market access thresholds and relax foreign capital access standards. It means there will be more domestic and foreign companies to enter the Chinese aged care market in the future, resulting in more intense competition and gradually matured business model.

**Third, mid-end consumer market is expanding.** Currently, most of the funds in China have flowed into high-end aged care market, but only high-income groups can afford expensive nursing homes. Relatively, the number of mid-level elderly consumers accounts for the highest proportion and mid-end consumer market will gradually become the leading force. With the growing demand for old-age provision, China will gradually open mid-end aged care market in the future.

The report highlights the following:
- Old-age security system in China, including policy support, old-age security, medical security, financial guarantee, etc.;
- Aged care market in China, including market demand, market supply, trends, etc.;
- Old-age real estate industry in China, including development status, competitive landscape, profit models, investment risk;
- 19 enterprises’ operation as well as their layout and development strategies for aged care industry.
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