

How to Enter the Digital Health Industry in China

June 2021

In the third workshop of TusPark UK's **China Series - Life Sciences Edition**, we turn our attention to Digital Health in China. We're joined by two major Chinese companies: **Miao Health**, one of the largest digital health management company in China and **Happy Life Tech**, an affiliate of Yidu Tech, - analytics-driven clinical development, real-world evidence (RWE)-based research, and digital commercialization solutions providers for healthcare, and a UK company in China - **Nine Health Global**. Here are the highlights from the workshop:

China could be an incredibly worthwhile move for UK's healthcare business.

Health-tech SMEs, supporters and investors were not growing as fast as they should be and a few of barriers are regulation and market access, for which P4 Precision Medicine Accelerator was born. The accelerator focuses on 4 Ps: Participatory, Preventive, Personalised, and Predictive, supporting the leading healthcare start-ups through development, regulation, investment, adoption and scale not only to the UK healthcare ecosystem but international markets. **China is the second largest healthcare market in the world, remaining full of opportunities**, and that is why P4 is working in partnership with TusPark to help UK companies explore the market in China.

Nathan McNally, P4, Programme Director

DHEZ is an innovation facility that enhances healthcare and wellbeing delivery through patient-centred digital health solutions by accelerating business innovation, stimulating research creativity, and working with local partners and students. As the newly appointed Director of

DHEZ, Liz shares her systematic, holistic, and end-to-end vision for the community: "We will focus on patients' needs but it's driven by what we can do to benefit the whole supply chain: **design and develop products but also repurpose and use the products in commonplace**. DHEZ is doing great research and working closely with healthcare providers locally and **will be able to do excellent work on a global platform with similar concerns and conditions as well.**"

Dr Liz Breen, Director, Digital Health Enterprise Zone

China's market potential in digital health management

As China continues its rapid economic development with wealth increasing and population aging, healthcare becomes one of the largest growing segments. Healthcare industry reached RMB 10 trillion in 2020, at CAGR of 15% from 2009 to 2018. With the advent of technology and growing strains on traditional healthcare system in China, digital health management is utilised to create more efficient and cost-effective healthcare system going forward, and the increasing investment in digital healthcare spaces as 22.2% of total healthcare investment in 2018. In the vertical area, China's internet healthcare market is increasing at 34% CAGR while the healthcare IoT device shipment in China also increases at a CAGR of 28% in recent 10 years. The health insurance market in China is estimated to exceed RMB 2 trillion by 2023, driving up demand in related health management. COVID-19 has been accelerating the growth of digital health, further promoting the use of digital platforms for online consultation and scheduling appointments.

As one of the largest AI & big data driven healthcare management platform, Miao Health connects online and offline healthcare ecosystem. Now they have almost 100 million users, provide full lifespan personalized health management service and keep ongoing engagement in over 10 cities for health projects. In the extremely vast network, the healthcare giant also works with smart devices & wearables companies (Huawei, Mi, Oppo, Vivo, etc), and health institutes such as Canada Wellness Institute. Also, Miao Health specialises in helping start-ups combine digital health segments with commercial insurance, with its partnerships with over 80 insurers including CPIC and Sunshine insurance.

Dr Xiaobin (Ken) Luo, Chief Medical Officer and SVP, Miao Health

Tips from people who have been down the road

Collaborative opportunities:

Miao Health are looking for international experience, clinical advice and policy guide in digital therapeutics. Certainly, if you have more in-depth understanding of this leading digital platform with comprehensive features in health management, you will find many collaborative opportunities waiting for you.

Policy matters: to digitalise the whole healthcare system

China has been developing a holistic national plan for digital health, working on the digitalisation of government regulatory services, data management, residents' health file management, disease monitoring and prediction, clinical research and decision-making, pharmaceutical innovation and R&D, and payment. It has been announced that 100 NCRCs (National Clinical Research Centre) will be built by Chinese government by the end of 2021, to accelerate the digitalisation of healthcare.

Since hospitals hold the dominant place in China's healthcare system, Yidu Tech spent their first three years in expanding its network with top hospital in more than 20 provinces of China to provide data-based solutions for research and knowledge evidence purpose.

To follow and even lead the trend of the whole system, Happy Life Tech is still not in rush to commercialise but committed to helping government and hospitals to build digital platforms that fulfil their needs.

After sharing the healthcare policy in China and HLT's ambitious goal, Yiming summarised the three major trends shaping pharma in next decades: Digitalisation, Real World Evidence and Patient Centric. He also outlines three steps of digitalisation: Drug Transactions, HCP & Patient Value Ecosystem, and Intelligent Healthcare Management System.

Yiming Hao, GM, SVP, Happy Life Tech

Collaborative opportunities:

HLT has settled in China, US, and Singapore, now it is looking to expand in Europe, embracing healthcare researchers and regulators in their network. Get in touch!

Nine Health Global was created in 2016 by the team behind Nine Health CIC along with industry titans from Healthcare, Finance and Legal to continue delivering innovative services and products to improve patient and public benefit in health and social care. Since the first step of jointly developing Diagbot, a clinical decision support system to help doctors make accurate diagnoses in China, Nine Health has been active in China and has established a subsidiary in Wuxi I-Campus (Astra-Zeneca).

Robin Weir, the deputy CEO of Nine Health Global, shared his hands-on experiences and tips of doing business in China:

Main FDI options

- New *PRC Foreign Investment Law*, in force 1 January 2020, replaced the JV and WFOE laws. Special characteristics of JVs (e.g. BOD is highest authority), and even the terms "JV" and "WFOE," no longer apply
- Establishing a joint company with a Chinese partner is a major undertaking (location, registered capital, business scope, equity shares, legal rep, board, reserved matters, transparency issues, labour issues, dispute resolution, difficult to close...)
- In most industries, 100% foreign ownership is allowed (but are you up to it?)
- New regime of "national treatment plus negative list": you can do it if not on the list

Other ways of doing business

- Importing goods for sale, subject to licences (e.g. National Medical Products Administration) and customs (but remember SAFE controls)
- IP licensing (but remember SAFE controls)
- Contract manufacturing
- Service contract

Government incentives

- Typically, at district level (sub-city) or zone level (e.g., Guangzhou Development District)
- Conditional upon "landing"
- Rent subsidies, grants (often matched funding), soft loans, subsidies for attracting skilled personnel
- Typically targeted at hi-tech business
- Often channelled through a Chinese partner or collaborator
- May or may not help you commercially

Robin Weir, Deputy CEO, Nine Health Global

One of the most common questions: IP strategy and considerations

King & Wood Mallesons, one of the largest law firms in China, helps foreign investors join Chinese ventures and expand businesses in China. They always answer the similar questions: how to be successful, where to find a partner, how to stay out of troubles, and how to map out the right IP strategy. As a key partner of this workshop, KWM offers all participants a **30-minute FREE consultation** of Intellectual Property protection and strategy in China, as well as address any questions you might have on Chinese law.

Mike Wang, Partner, KWM

Thanks to our amazing speakers for sharing their work and insights in Digital Health in China and the UK.

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Key Partners



Other Partners



Speakers

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Dr Liz Breen, Director, Digital Health Enterprise Zone

Dr Xiaobin (Ken) Luo, Chief Medical Officer and SVP, Miao Health

Yiming Hao, GM, SVP, Happy Life Tech

Robin Weir, Deputy CEO, Nine Health Global

China Series – Life Science Edition is designed to support life sciences companies in the UK entering the China market through soft-landing and business partner networking. This series will continue with further talks on areas of Genomics, AI Health and more.

If you would like to hear from us with regards to our future events, news and any updates, please following us on LinkedIn, Twitter and WeChat. We are looking forward to seeing you in next event.

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