

# **Boao Lecheng platform for the Turkish Pharmaceutical Industry October 11 2023 Webinar**

Embassy of Turkey, China

IEIS

IKMIB

BOAO Lecheng Hengjun Business Services Co Ltd

# 1. There Is A Huge Demand in Chinese Medical Market

1.1. Aging Problems

1.2. Chinese tend to go abroad for medical need

# Age Composition and Dependency Ratio of Population

Source: China Statistical Yearbook 2020

(10 000 persons)

Year	Total Population (year-end)	By Age						Gross Dependency Ratio(%)	Children Dependency Ratio(%)	Elderly Dependency Ratio(%)
		Aged 0-14		Aged 15-64		Aged 65 and Over				
		Population	Proportion	Population	Proportion	Population	Proportion			
2010	134091	22259	16.6	99938	74.5	11894	8.9	34.2	22.3	11.9
2011	134735	22164	16.5	100283	74.4	12288	9.1	34.4	22.1	12.3
2012	135404	22287	16.5	100403	74.1	12714	9.4	34.9	22.2	12.7
2013	136072	22329	16.4	100582	73.9	13161	9.7	35.3	22.2	13.1
2014	136782	22558	16.5	100469	73.4	13755	10.1	36.2	22.5	13.7
2015	137462	22715	16.5	100361	73.0	14386	10.5	37.0	22.6	14.3
2016	138271	23008	16.7	100260	72.5	15003	10.8	37.9	22.9	15.0
2017	139008	23348	16.8	99829	71.8	15831	11.4	39.2	23.4	15.9
2018	139538	23523	16.9	99357	71.2	16658	11.9	40.4	23.7	16.8
2019	140005	23492	16.8	98910	70.6	17603	12.6	41.5	23.8	17.8

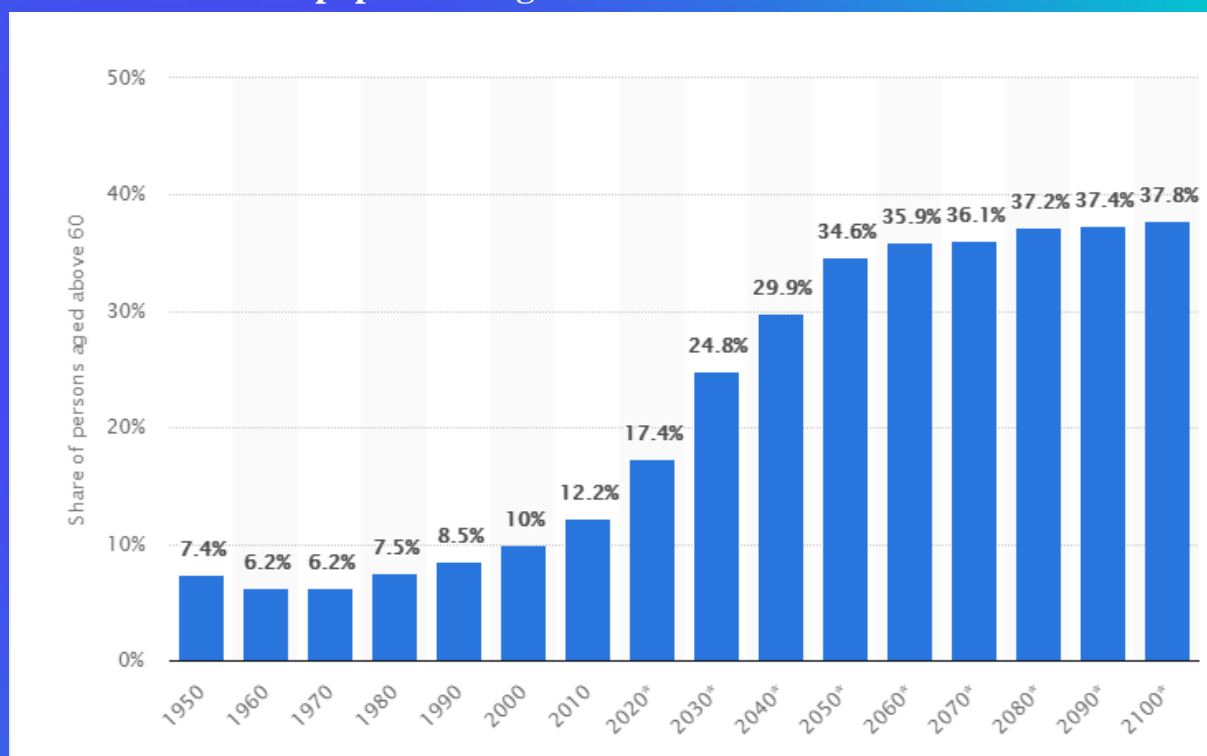
激活 Windows  
转到“设置”以激活 Windows。

## Aging Population

In 2020, the total number of elderly people aged 60 and above in the mainland will be 264 million, already accounting for 18.7% of the total population.

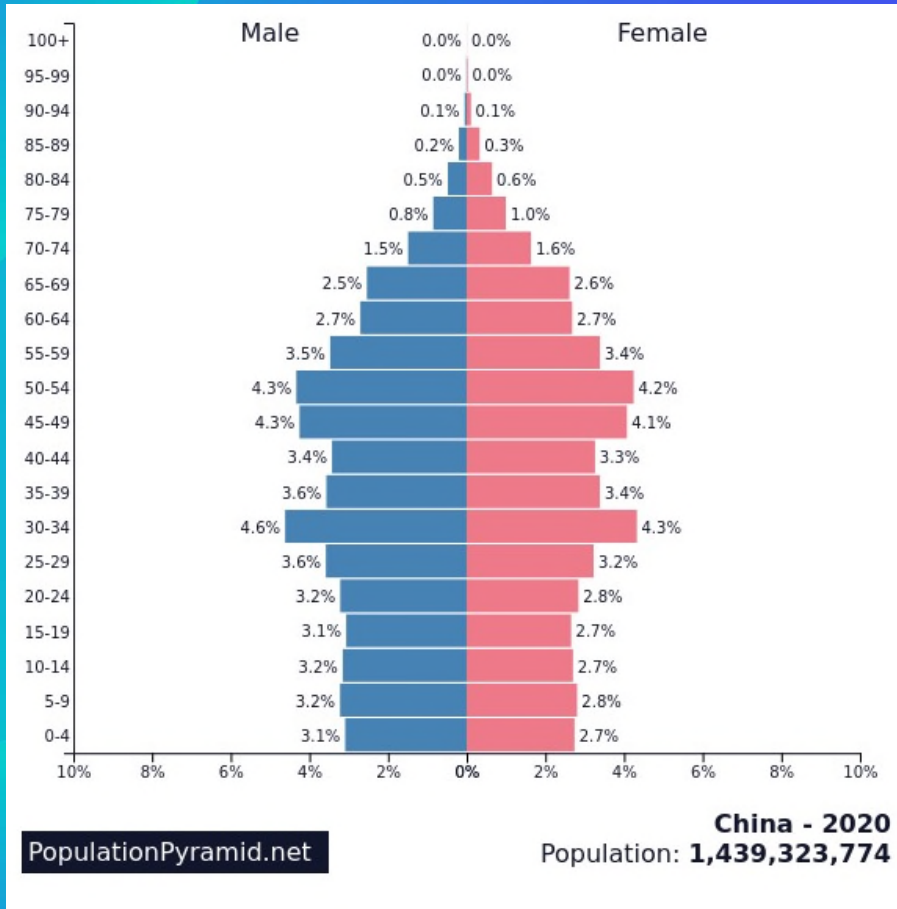
The graph shows the population share aged 60 and older in China from 1950 to 2010, with a forecast up until 2100.

Share of population aged 60 and older in China 1950-2100



(Source: Office of the Leading Group for the Seventh National Census of the State Council)





According to the data of the 7<sup>th</sup> National Population Census, the proportion of population aged 65 and above in China reached 13.50%, and the degree of population aging has been higher than the world average (9.3% of population aged 65 and above), but lower than the average of developed countries (19.3% of population aged 65 and above).

## 10 Common Chronic Conditions for Adults 65+

Quick Facts



**80%**  
have have at  
least 1 chronic  
condition



**68%**  
have 2 or more  
chronic  
conditions



**Hypertension**  
(High Blood Pressure)  
**58%**



**High Cholesterol**  
**47%**



**Arthritis**  
**31%**



**Ischemic Heart  
Disease**  
(or Coronary Heart  
Disease)  
**29%**



**Diabetes**  
**27%**



**Chronic Kidney  
Disease**  
**18%**



**Heart Failure**  
**14%**



**Depression**  
**14%**



**Alzheimer's Disease  
and Dementia**  
**11%**



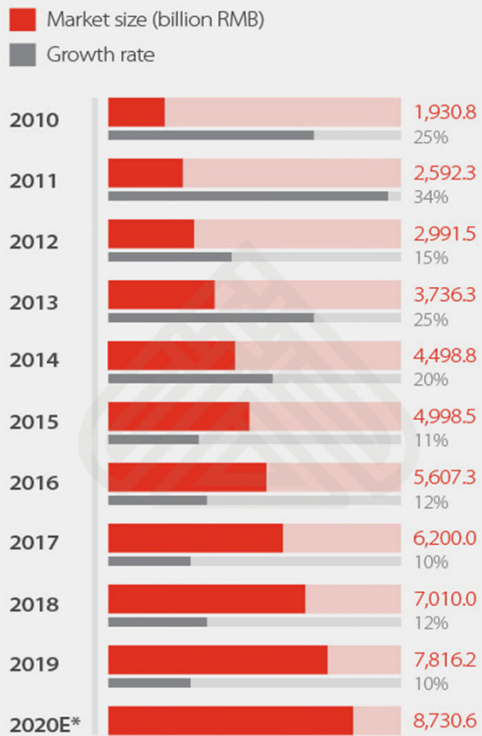
**Chronic Obstructive  
Pulmonary Disease**  
**11%**

Common conditions in older age include hearing loss, cataracts and refractive errors, back and neck pain and osteoarthritis, chronic obstructive pulmonary disease, diabetes, depression, and dementia.

Furthermore, as people age, they are more likely to experience several conditions at the same time.

(Source: National Council on Aging)

China's Healthcare Market Size (2010-2020)



Note: \* Estimated figure for 2020 | Source: Open source reports

Graphic© Asia Briefing Ltd.

China healthcare industry is currently ranked the second largest in the world behind the US.

The market has grown at a consistently rapid rate in the past five years, and in 2019, the market reached RMB 7.82 trillion (US\$1.1 trillion), an increase of 10 percent when compared to that from the previous year.



# 1. There Is A Huge Demand in Chinese Medical Market

1.1. Aging Problems

1.2. Chinese tend to go abroad for medical need

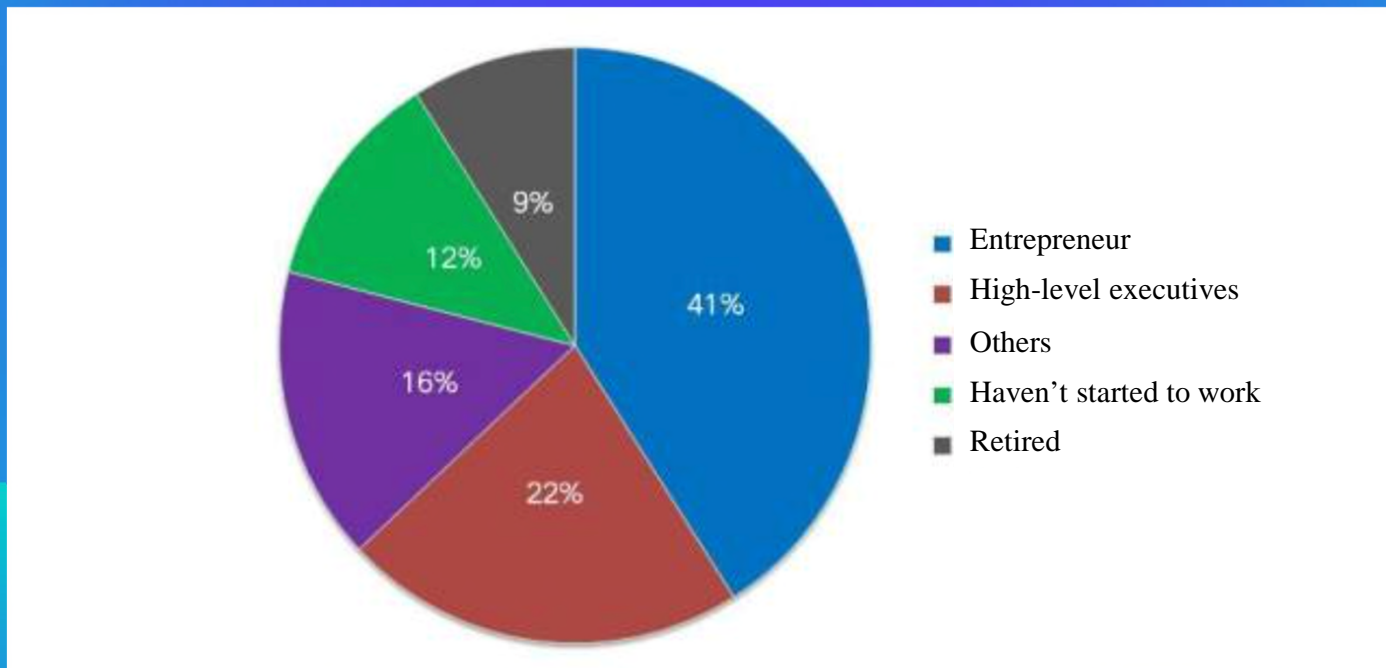


## Chinese tend to go abroad for medical need

- Since 2010, the demand of China's affluent class go abroad for medical treatment has increased dramatically. According to statistics, the size of China's overseas medical market has now reached US\$100 billion.
- In the United States, for example, Massachusetts General Hospital, affiliated with Harvard Medical School, received about 40 cases of Chinese patients in 2012, but the number jumped to about 100 cases in 2013.
- Statistics from industry information and consulting center Booz Data Research Center show that the number of patients receiving overseas medical treatment in China each year has grown from 20 million in 2006 to more than 50 million in 2014. According to this growth rate, the number of overseas medical visits has exceeded 60 million per year.

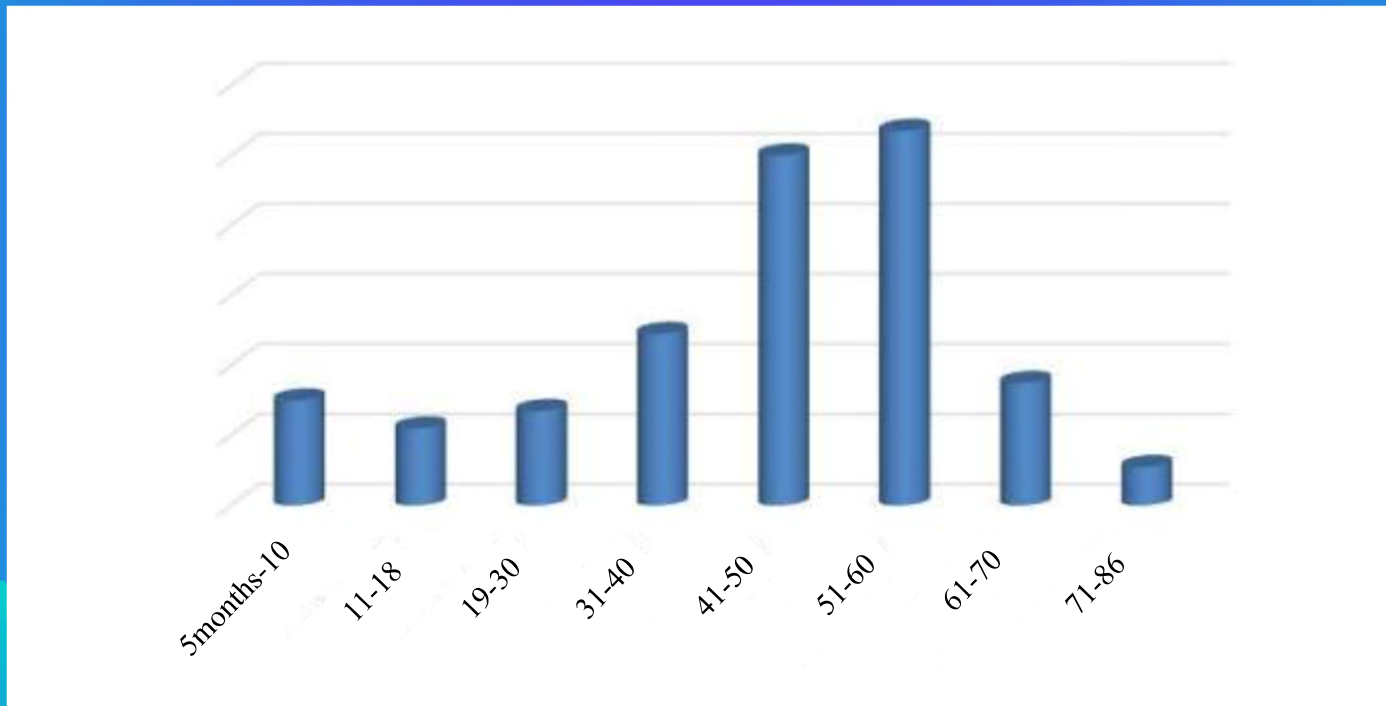
## Chinese tend to go abroad for medical need

The patients who decide to go abroad are mostly of the affluent class.



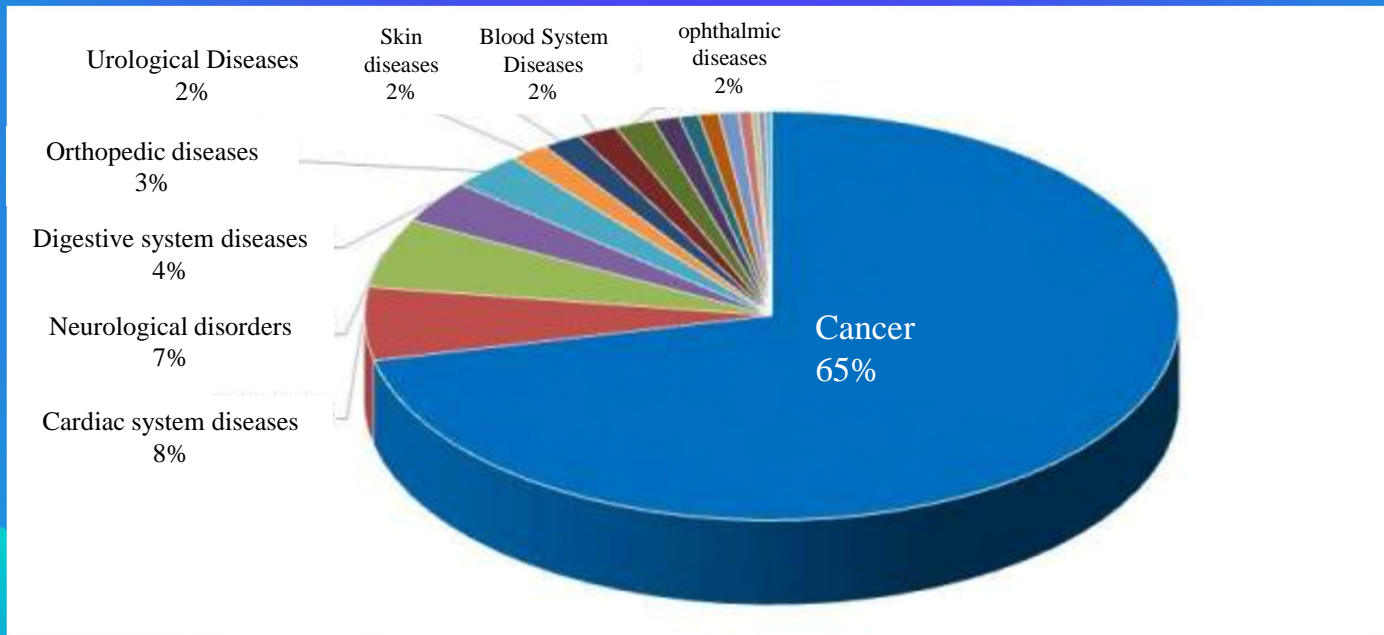
## Chinese tend to go abroad for medical need

The patients who decide to go abroad are mostly at their late middle age.



## Chinese tend to go abroad for medical need

The patients who decide to go abroad are mostly suffering from cancer.





## **Boao Lecheng International Medical Tourism Zone**

- **Target to serve foreign companies**
- **Express channel to bring in foreign pharmaceuticals and medical equipments**
- **Allow Chinese to access the latest treatments and medical technology within months after approval from overseas**

## Geographical Advantages: Hainan is an island in the south of China

**Location: Only 25 minutes' drive from the permanent site of Boao Forum for Asia**

The Hainan Boao Lecheng International Medical Tourism Pilot Zone is located between Qionghai City and the core area of the Boao Forum for Asia, along both banks of the Wanquan River. The planned land plot is 20.14 square kilometers, 9.96 square kilometers of which is designated for construction. It is within a 10-minute drive from Boao Airport, Boao High-speed Railway Station, Wenbo Expressway, and the East Line Expressway



Hainan Free Trade Port



# Chinese Government created Boao Lecheng Medical Zone in 2013

## Policy 1.0

On February 28, 2013, the State Council approved the establishment of the Boao Lecheng International Medical Tourism Pilot Zone in Hainan and issued nine unique and unprecedented supportive policies for it. Opening the “second chapter” of the Boao Forum for Asia .

The nine preferential policies of the state can be summarized as “4 special approvals”



**特许医疗**  
 医疗技术、医疗人才、医疗器械和药品特许准入

**特许国际交流**  
 特许国际交流医疗组织，承办医疗会议

**特许经营**  
 放宽部分医疗审批权，允许境外资本进入和经营

**特许研究**  
 开展干细胞临床研究等前沿医疗技术研究项目

- Franchise Medical Care
- Franchise Research
- Franchise Operation
- Franchise International Communication

# Unique policies approved in 2019

## Policy 2.0

In 2019, the National Development and Reform Commission, the National Health Commission, the National Administration of Traditional Chinese Medicine, and the National Medical Products Administration jointly issued the *Implementation Plan for Supporting the Construction of the Boao Lecheng International Medical Tourism Pilot Zone*.

- Special operation of public hospitals in the zone
- Real World Data application for NMPA registration
- Imported Foods for Special Medical Purpose (FSMP) allowed for use
- Patients can take medicines out of the zone for subsequent use
- Allow foreign doctors, nurses or technicians to practice in the zone ( 3 years)
- Support foreign patients to apply for visa or residence service
- Lift the restriction of foreign direct investment on health and personal insurance
- Display of international medical products and establishment of after-sales service branch office

<p>公立医院品牌、商标、技术、管理等授权区内医疗机构使用</p> <p>Use of brand, trademark, technology and other resources of public hospitals under franchise agreement.</p>	<p>先行区进口药品、医疗器械临床使用数据用于进口注册申请</p> <p>Registration on imported drug or medical device using clinical data from medical institutions of pilot zone.</p>	<p>国有企业事业单位医疗卫生、旅游专业人才在先行区兼职兼薪</p> <p>Part-time participation and salary gain for medical, health or tourism specialists from public institutions.</p>	<p>世界知名医学院联合设立医学院校、科研院所设立分支机构</p> <p>World-famous medical schools jointly set up colleges and research institutions set up branches.</p>
<p>干细胞等前沿医疗技术科研项目转化应用、加快国内注册</p> <p>Accelerate domestic registration on products transformed from frontier medical researches such as stem cells, etc.</p>	<p>进口境外上市境内未上市保健食品、保健器材、特医食品等</p> <p>Allow foreign listed but domestic unlisted healthcare products such as dietary supplement, health device and medical food.</p>	<p>加大高端诊疗宣传推介力度，支持设立国家医疗旅游研究院</p> <p>Promote high-end diagnosis events and support to set up medical tourism research institutions.</p>	<p>区内医疗、研发机构等牵头多中心临床试验视为省级课题</p> <p>Clinical trial led by medical institutions of the pilot zone is regarded as provincial-level project.</p>
<p>国外上市国内未上市药品、医疗器械在园区医疗机构使用</p> <p>Permit use of drugs or medical devices that are foreign listed but domestic unlisted.</p>	<p>进口单克隆抗体等低风险特殊物品实施“先入仓，后检验”</p> <p>“Entry first, inspection later” policy for low-risk imported medical items like monoclonal antibodies.</p>	<p>国内顶尖医疗机构设立临床试验机构，依法依规开展临床试验</p> <p>Top domestic medical institutions set up labs and conduct clinical trials following legal regulations.</p>	<p>引进和培育医疗类国际组织和交流平台，举办博鳌健康论坛</p> <p>Introduce the exchange platform with international medical institutes, hold annual Boao Health Forum.</p>
<p>区内医疗机构患者带合理自用量的进口药品离开先行区使用</p> <p>Allow patients to take reasonable units of imported drugs for self-use when leaving the zone.</p>	<p>调剂使用国内院内制剂，中药制剂委托配制等实施备案管理</p> <p>Deploy drugs from other hospitals and process designated traditional Chinese medicine on record rule.</p>	<p>外籍患者及家属申请医疗旅游服务期私人事务类签证或居留许可</p> <p>Foreign patients and their families apply for visa or residence permit for their stay in the zone.</p>	<p>开展国际药品及医疗器械展销，设立境外厂商售后服务中心</p> <p>Undertake exhibition of international medical items, set up after-sales service center for foreign manufacturers.</p>
<p>真实世界临床数据应用，设进口药品与医疗器械审评分中心</p> <p>Apply clinical real world data and set up evaluation center for imported drugs and medical devices.</p>	<p>先行区卫生系列高级专业技术职称评审试行社会化评价机制</p> <p>Approval right to certify senior title for advanced workers in health field applying market mechanism.</p>	<p>外籍医、护、技等人员申请与工作期限一致工作类居留许可</p> <p>Foreign staff of doctors, nurses, technicians apply for residence permit to the extent of working period.</p>	<p>取消健康险、人身险外资限制，支持设立健康和养老保险机构</p> <p>No restriction on foreign investment in health or life insurance, support the health or pension insurance institution.</p>



# More Unique Policies approved in 2021

## Policy 3.0

In 2021 With the approval of the CPC Central Committee and the State Council, the National Development and Reform Commission and the Ministry of Commerce release the *Opinions on Relaxing Market Access to Support Construction of Hainan Free Trade Port*

- Supporting the sale of prescription drugs online: **Establishing the Hainan Electronic Prescription Center in the Lecheng Pilot Zone**
- Fully relaxing the market access restrictions for Contract Research Organizations (CROs)
- Supporting the innovative development of domestic high-end medical equipment in Hainan
- Supporting development of the high-end medical aesthetics industry in Hainan: **Encouraging renowned medical aesthetics institutions to settle in the Lecheng Pilot Zone, where they are allowed to use large quantities of medical aesthetics products already marketed in countries or regions such as the US, the EU and Japan**
- Optimizing the access and development environment for transplantation science across the board: **Establishing an International Transplantation and Rehabilitation Center in the Lecheng Pilot Zone**
- Establishing a mixed ownership reform fund for the development of the Hainan medical and health industry



## Boao Lecheng Policy Summary

- **Drugs and medical equipment approved for use in Europe, United States, Japan and many countries are allowed to skip clinical trial and be used in Boao Lecheng. Approval time averages 6 months.**
- **Allow foreign doctors, nurses or technicians to practice in the zone**
- **Visa Free for Citizens of countries with China diplomatic relations**
- **Patients can take medicines out of the zone for subsequent use**
- **Doctors from Mainland China can bring patients to use the medicine**
- **Government insurance policy for use only in Boao Lecheng**



# 26 Medical Institutions Up & Running 24 more under construction..

Boao Research Hospital



Boao Yiling Life Care Center



Ciming Boao International Hospital



Boao Evergrande International Hospital



Huaxi Lecheng Hospital



Boao International Hospital



Boao Lecheng Aier Eye Hospital



Ruida Health Medicell International Health



Yingyi International Medical Center



Lecheng Shulan Hospital



Hainan Qiyang Stem Cell Anti Aging Hospital



China Stem Cell Group Hainan Boao Affiliated Stem Cell Hospital



Hainan Xinshengquan International Cell Therapy Hospital



Hainan Boao International Optometry and Ophthalmology Hospital



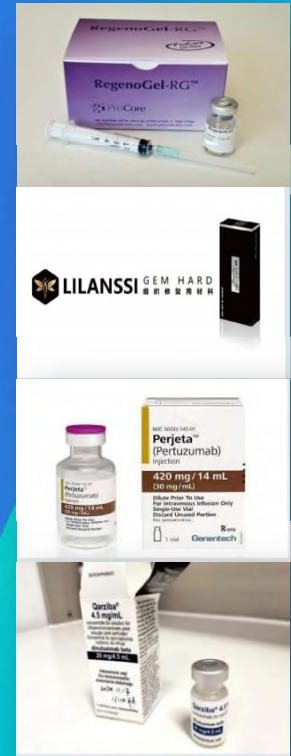
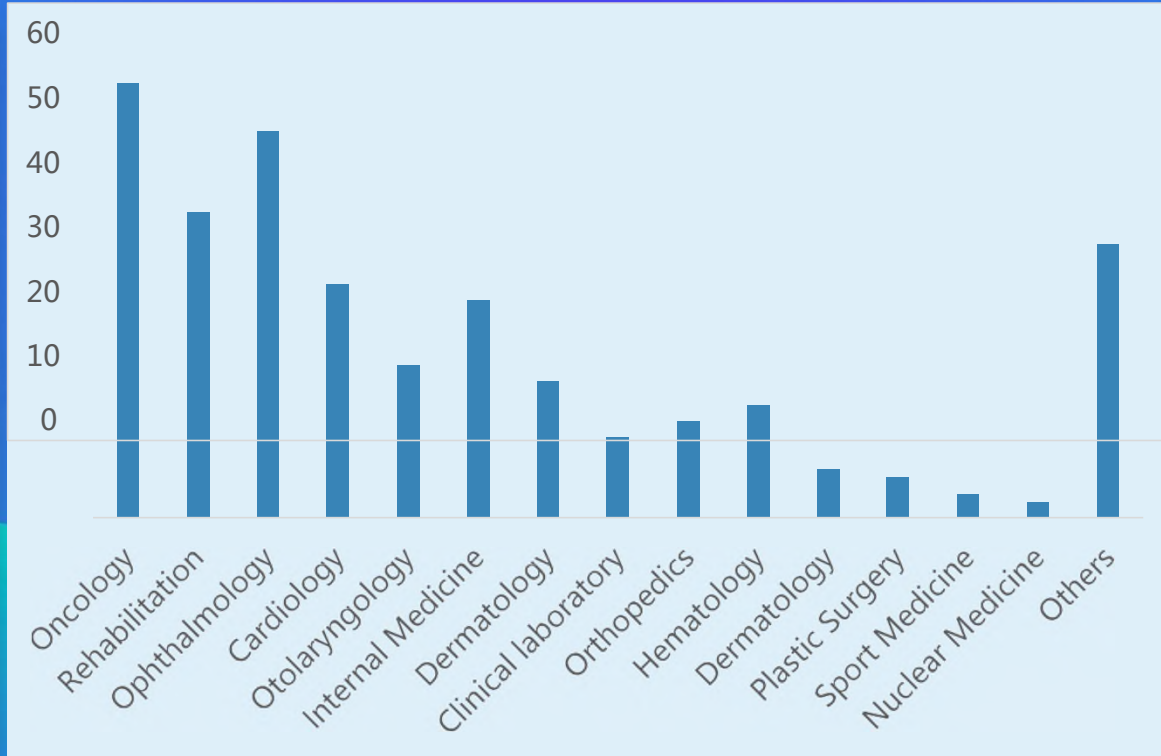
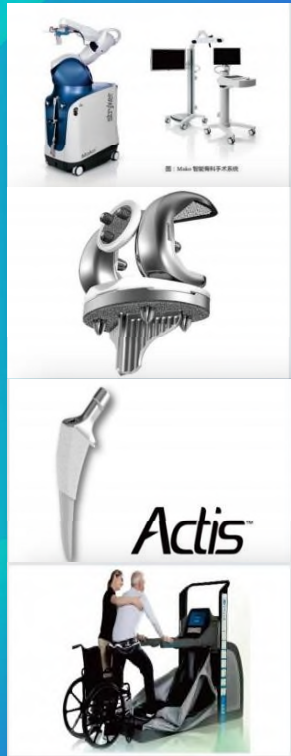
Raffles Hospital



Up to now, there are **26 medical institutions in operation** and 24 under construction.

# Excellent Track Record of Approving Medical Products

As of August 2023, the Lecheng Pilot Zone had brought in **341** specially approved medical products, comprising 118 drugs and 223 medical devices, and has established partnerships with **120** multinational drug and medical device companies .





# Country source of products approved for sale in Boao Lecheng



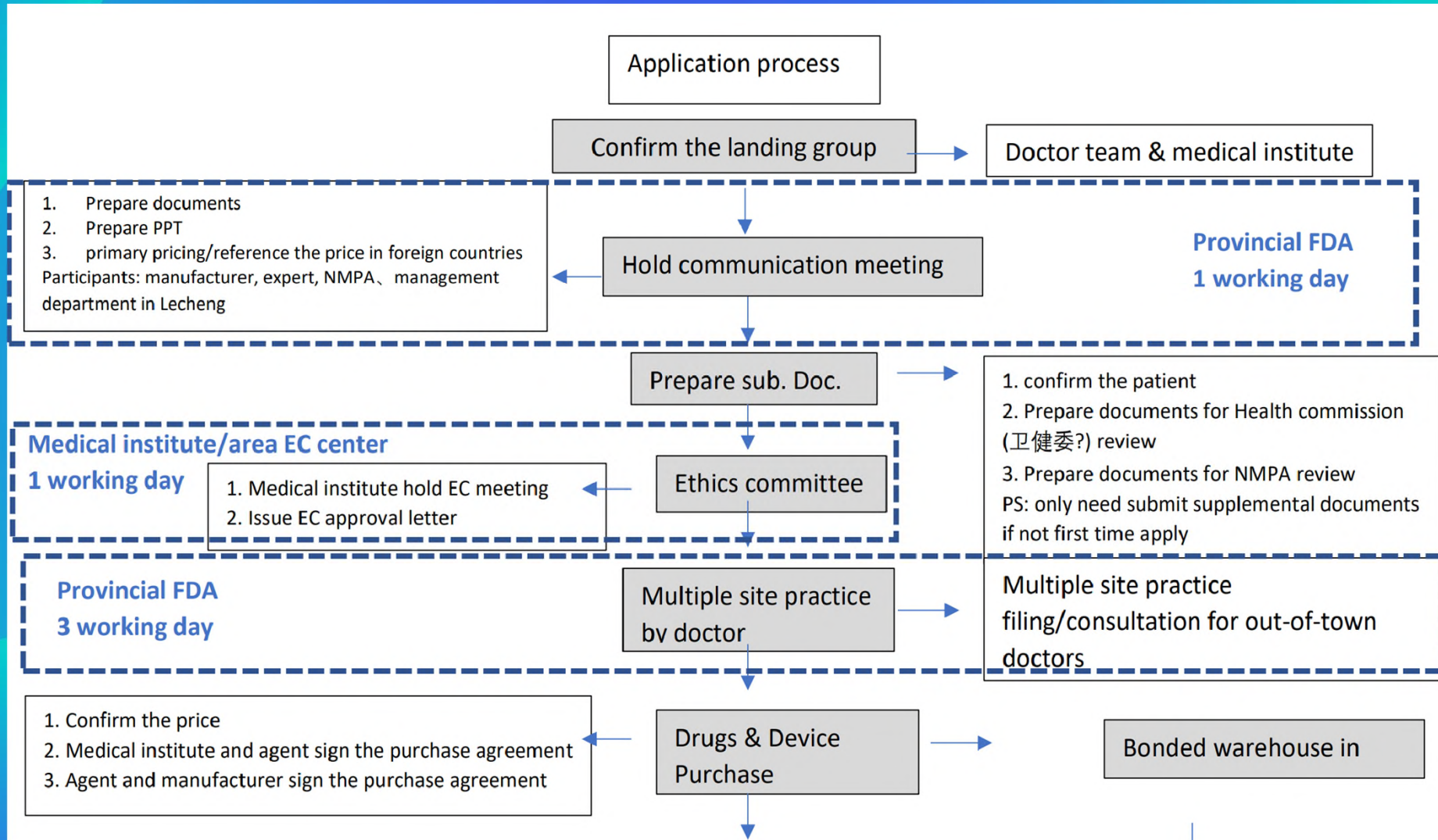
# How to get products approved for use in Boao Lecheng

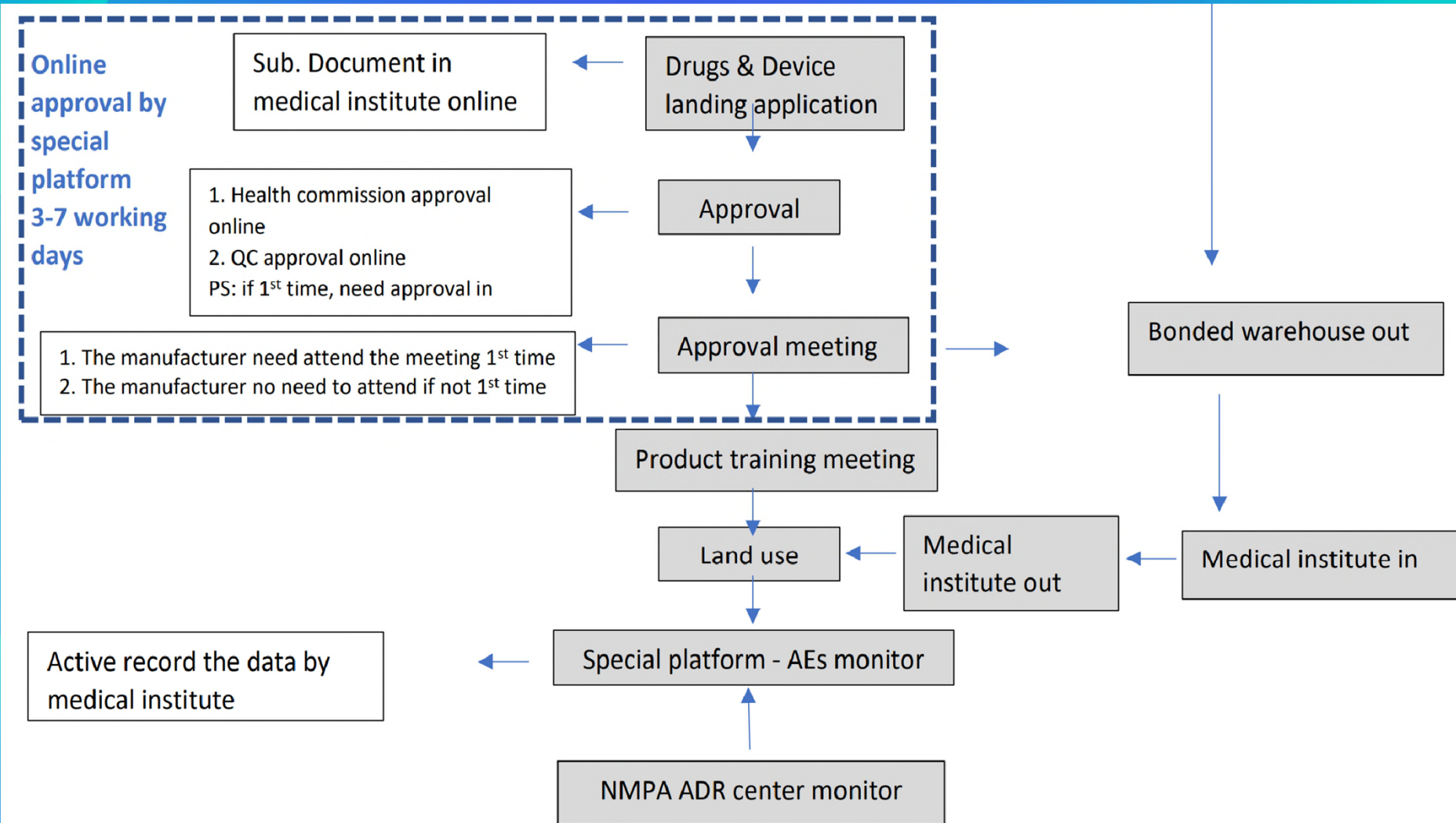
## 1. Special licensed medical product application process





# Application and Approval Process









海南博鳌乐城恒俊商务服务有限公司  
Hainan BOAO Lecheng Hengjun Business Services Company Ltd.

**We recognize that many overseas pharmaceutical companies find it difficult to market their products to BOAO Lecheng even with all the special and streamlined polices. Issues these companies face include but not limited to:**

- Lack of funding to set up an office in BOAO Lecheng to hire local staffs to manage the approval process and market the products**
- Unfamiliar with the approval process for new drugs and medical instruments**
- No sales and distribution channels to market their products in BOAO Lecheng**

**Hainan BOAO Lecheng Hengjun Business Services Company Ltd. (AKA 海南博鳌乐城恒俊商务服务有限公司)** jointly owned and managed by the BOAO Lecheng Administration (this is the government agency that oversees BOAO Lecheng) was set up with the mission to provide:

- **A one stop end to end service for overseas pharmaceutical company who want to get their products approved and marketed to all the hospitals for use in BOAO Lecheng**
- **Services include:**
  - **Setting up the doctor team and medical institute needed to review the documentation for the drug. Manage all the needed communication and meetings with relevant parties. NO clinical trial is needed.**
  - **Working with the pharmaceutical company to :**
    - **Prepare for documents and PPT, including primary pricing / reference the price in foreign countries. This involves the manufacture, experts, NMPA and different departments within BOAO Lecheng Administration.**
    - **Prepare and submit final approval documents to BOAO Lecheng Health Commission and Ethics Committee for final approval**
    - **Confirm the final price desired by the pharmaceutical company**
  - **Help set up:**
    - **Inventory at the BOAO Lecheng bonded warehouse**
    - **Sales contract with individual hospitals**



**Hainan BOAO Lecheng Hengjun Business Services Company Ltd. will also help manage ongoing sales of the products:**

- **Together with the pharmaceutical company, hold online product introduction and training to the doctors of the relevant hospitals**
- **Manage the sales process by facilitating:**
  - **Hospitals to place purchase order with the pharmaceutical company. The Pharmaceutical company will sign sales agreement with logistics company and hospital detailing the payment terms**
  - **Logistics company will wire payment directly to the pharmaceutical company**



**Hainan BOAO Lecheng Hengjun Business Services Company Ltd. will sign an Exclusive Product Application Agreement with the pharmaceutical company to get her products approved for sales within BOAO Lecheng, and where appropriate within China (once the products are approved for sale within Mainland China).**

- **Stage 1A: Gather all the needed documents for submission. This includes reviewing existing documents from pharmaceutical company and advising what else is needed for submission. Securing hospital to sponsor the submission and also securing the approved logistics company for importing the products.**
- **Stage 1B: Submit the product application to the Hainan Government's NMPA for approval and answer any questions from the approval committee regarding the products.**
- **Stage 1C: Product is approved for sale in Boao Lecheng hospitals.**

## The design of this partnership between Hainan BOAO Lecheng Hengjun Business Services Company Ltd. and each pharmaceutical company is to:

- Minimize the investment and time needed by the pharmaceutical company in entering the Chinese market
  - Average time from start of engagement with the company to product approval is 6 months
- Allow a foreign pharmaceutical company to get her products approved and start to sell in Boao Lecheng without having to set up an office, or sales team, or even visiting China.
- Once sales started in Boao Lecheng, if desired, start the application for sales in Mainland China.

## Path Forward

- **Contact us at [Executive.Offices@ChinaGlobalCapital.com](mailto:Executive.Offices@ChinaGlobalCapital.com)**
- **We will work with you to:**
  - **Assess the demand of your products in Boao Lecheng and Mainland China.**
  - **Decide how best to get your products approved for sale in Boao Lecheng**
  - **Agree on how we will work together to get your products approved for sale in Boao Lecheng**



# Thank You

Our Contact : [Executive.Offices@ChinaGlobalCapital.com](mailto:Executive.Offices@ChinaGlobalCapital.com)

<http://www.boaolechengglobalinvestmentfund.com/>