

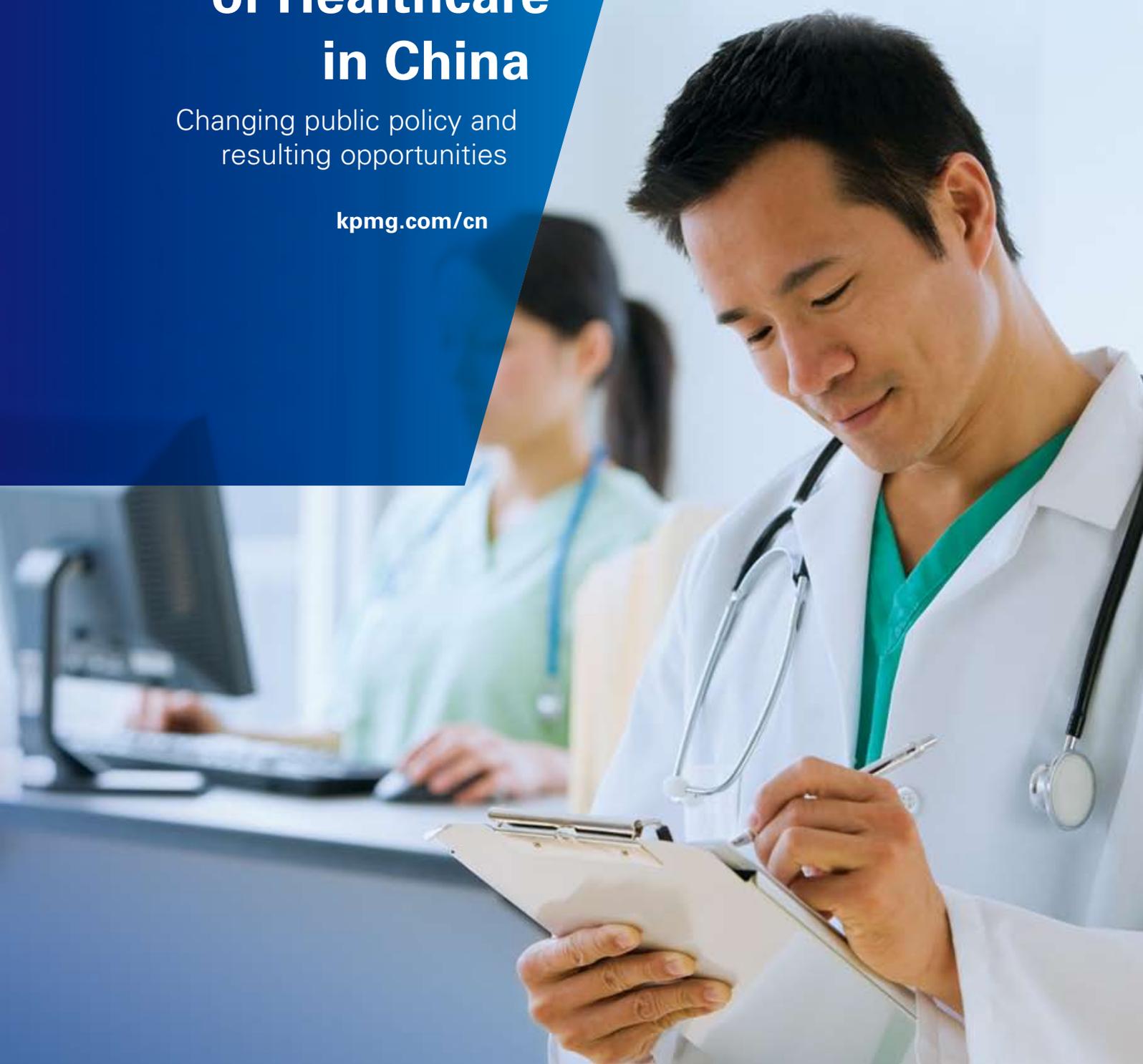


INFRASTRUCTURE, GOVERNMENT & HEALTHCARE

# The Changing Face of Healthcare in China

Changing public policy and  
resulting opportunities

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# Introduction

As China benefits from three decades of economic reform, a major area that is still developing is the nation's healthcare system.

For much of the last century, China's emphasis has been on providing a relatively universal healthcare system, targeting mass public health campaigns and state-provided 'cradle to grave' support. While market reforms since 1978 have propelled much of the country's economy into the 21st century, progress in healthcare provision has slowed.

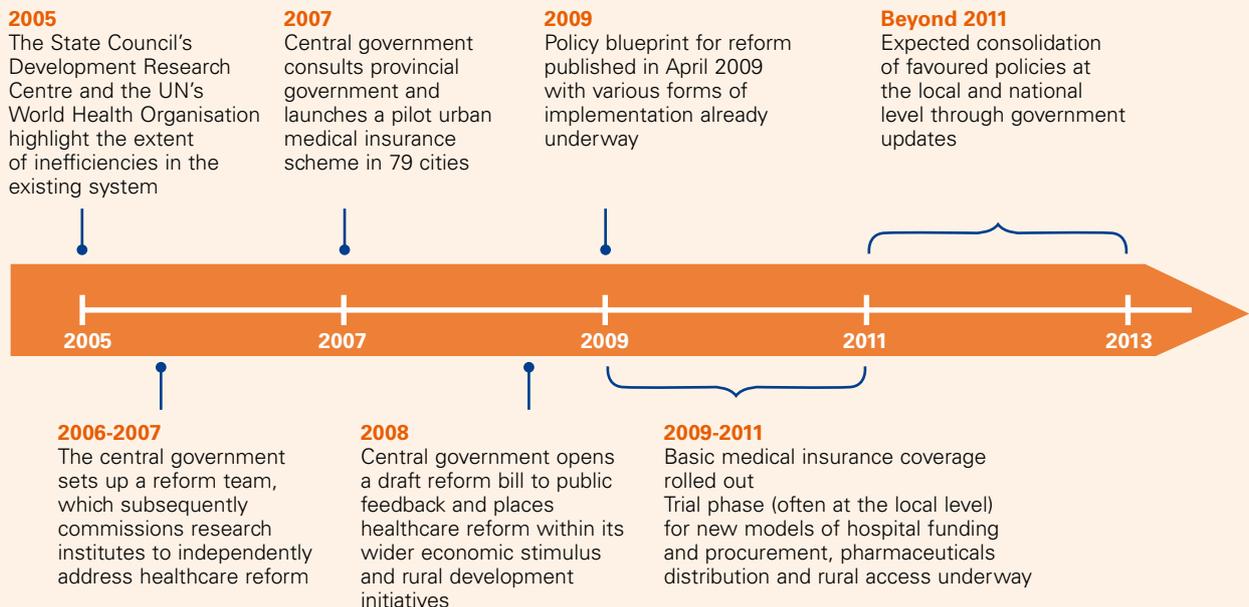
In many respects, access to medical support, particularly in rural areas, has declined. Increasing costs have been met by the end-user or through voluntary insurance schemes.

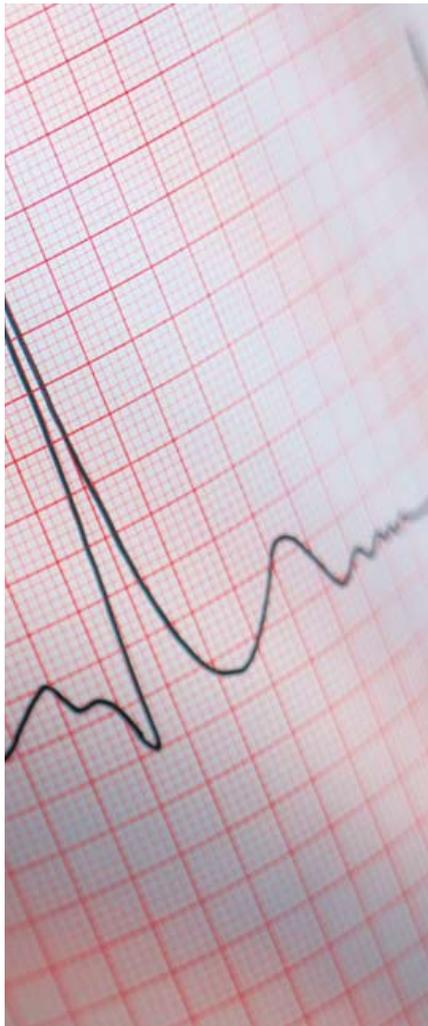
It is in this context that the central government in Beijing has acknowledged the need for reform. Rather than taking the form of one all-encompassing reform plan, the government's approach has been to evolve policy through stakeholder consultation.

The final shape of reform, in its implementation at the national, provincial, city and rural levels, remains to be seen. However, the consultation process gives some indications as to where the major developments are likely to be and how the private sector can contribute to, and benefit from, such changes.

We hope you find this summary of the developments useful. Accompanying the summary, we have also identified some business opportunities in this sector which we believe may arise in China over the coming years.

## Timeline for healthcare reform policy development



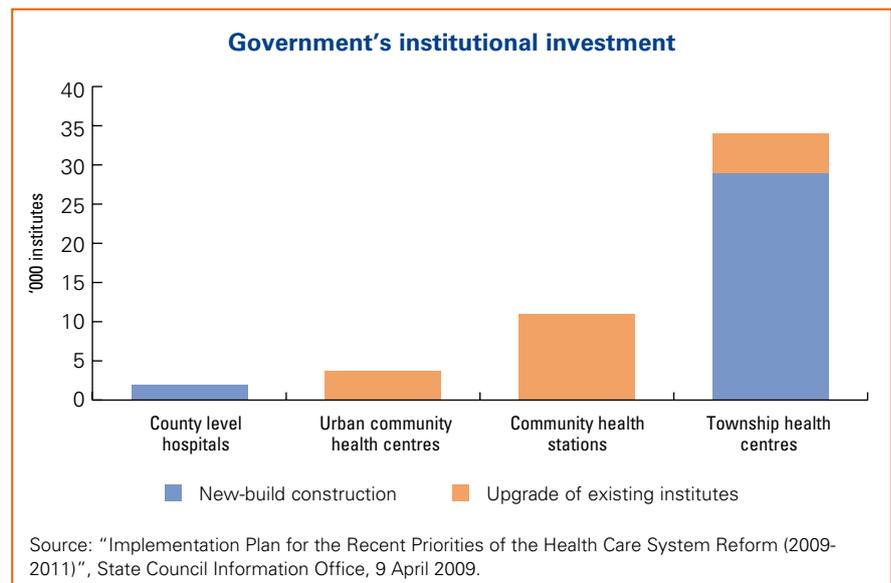


# The long-term vision: Healthy China 2020

China’s government has ambitious plans to achieve equal access to public healthcare for all its citizens by 2020. Those that wish to pay more for a more personalised service can still opt for private sector coverage, but public-backed medical insurance will once again offer ‘cradle to grave’ support. This will not only mean a decade of change throughout public and private healthcare institutions, but healthcare’s supporting industries, from pharmaceutical to equipment manufacturers, are also set for a period of major restructuring.

In the short term, the first phase of plans that run from 2008 up to 2011 is quite clear. Three inter-related 2011 priorities are to extend basic medical insurance coverage to over 90 percent of urban and rural residents, improve accessibility and service standards for basic healthcare facilities, and reduce the costs of medical services and pharmaceuticals for end-users.<sup>1</sup>

These objectives are backed by the construction/upgrade of 3,700 community hospitals and clinics, and 11,000 village clinics, so that by 2011 each county has at least one standard hospital and every village has its own clinic.<sup>2</sup> Government-sponsored training will increase the supply of trained staff, especially in rural areas. In addition, the government is seeking to promote price-competitive generic medicines, consolidate pharmaceutical distribution channels, and control the price of medicines covered by insurance.<sup>3</sup>



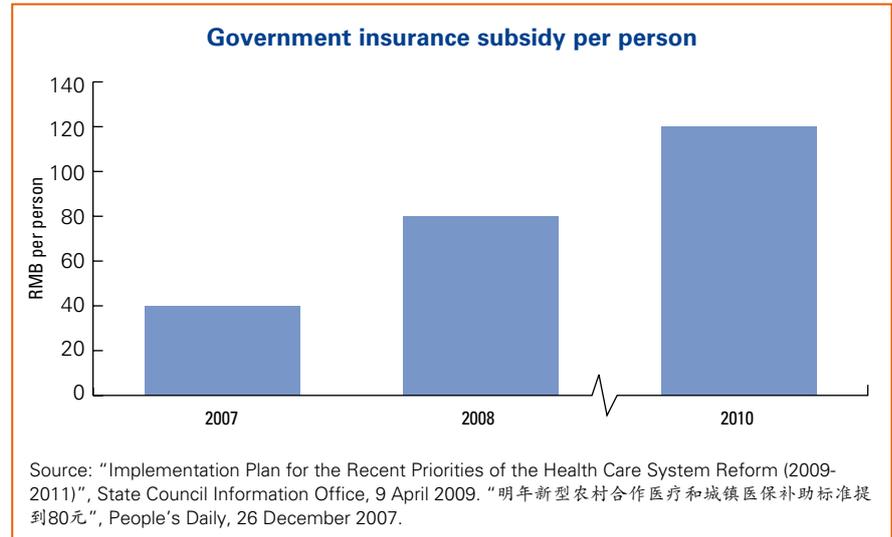
<sup>1</sup> “Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform”, National Development and Reform Commission, April 2009  
<sup>2</sup> “China to set up clinics in every village within 3 years”, Xinhua News Agency, 7 April 2009  
<sup>3</sup> “Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform”, National Development and Reform Commission, April 2009





## Financial commitment

Public-sector reform has been accompanied by an ambitious RMB 850 billion (USD 124 billion) three-year investment plan, which includes spending on infrastructure and equipment across institutions from county-level hospitals down to village clinics.<sup>4</sup> The plan also includes an increase in subsidies for urban residents' medical insurance and rural cooperative medical insurance, which now stands at RMB 120 per head, compared with RMB 40 in 2007.



The reforms will also include the promotion of Traditional Chinese Medicine (TCM) as a preventative approach at the clinic level, as well as community hygiene investments in areas of particular need. The central government is investing RMB 1 billion to construct TCM-focused county level hospitals, and upgrading 100 city level TCM hospitals.<sup>5</sup>

The reform of public healthcare institutions takes the form of preparatory initiatives and trials from 2009, the latter of which are envisaged to mature into 'workable' guidelines in 2011. This includes targeting improvements in hospital management structures, operation and supervision mechanisms, with a standardised health records database across the country from 2009. This will also be accompanied by a 20 - 50 percent increase in healthcare staff salaries,<sup>6</sup> adjustments to working hours or responsibilities of existing staff, and tightening of public sector procurement procedures to reduce corruption and mismanagement in the purchase of pharmaceuticals and equipment.

## Oversight in the private sector

Accompanying reforms to public sector provision, the government also wants to take steps to increase development of the private sector vendors and service providers, with accompanying oversight.

The distribution and pharmaceutical manufacturing sectors are areas receiving particular government attention. The government aims to develop the regulatory system for pharmaceutical selection, manufacture and supply to public

<sup>4</sup> "China unveils health-care reform guidelines", Xinhua News Agency, 6 April 2009

<sup>5</sup> "Rmb100 Bln Central Government Investment May Spur Rmb400 Bln Social Investment: NDRC", Hong Kong Trade Development Council, 1 January 2009

<sup>6</sup> "卫生部长陈竺：绩效工资改革后医生收入只会增加不会减少", People Daily, 9 September 2009

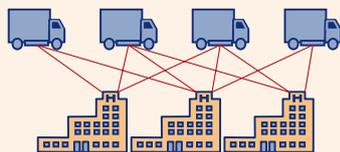
hospitals, through stricter adherence to good manufacturing practices and other certifications.<sup>7</sup> The government recognises that some smaller or less efficient manufacturers and distributors may have to consolidate in order to survive.

Having a product which qualifies for public medical insurance subsidies is likely to become increasingly attractive for manufacturers over time. However, the government will seek to control prices of those products, with the result being that price-competitive manufacturers may have an advantage over premium brands.

### Reforming the public tendering process

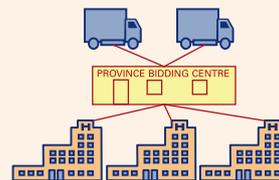
The government plans to use provincial bidding centres as intermediaries between individual hospitals and distributors / wholesalers of pharmaceuticals and equipment. It is planned that such centralisation will reduce problems of corruption and over-prescription by individual unsupervised hospitals, while at the same time allowing for more cost effective purchasing in volumes supported by province-wide public healthcare institutes

#### Pre-reform



Piecemeal acquisition of pharmaceutical needs on a hospital-by-hospital basis from a large number of distributors

#### Post-reform



Centralised provincial negotiation for larger pharmaceutical order volumes from a smaller number of distributors

### Public tendering reform

#### Opportunities

- Reduction of inappropriate practices at the individual hospital and clinic level
- More competitive distributors and manufacturers benefit from the decline of small-scale players

#### Risks

- Provincial bidding centres attract inappropriate practices as distributors and manufacturers become increasingly reliant on those centres' decisions
- System becomes less responsive to individual hospitals' needs those centres' decisions

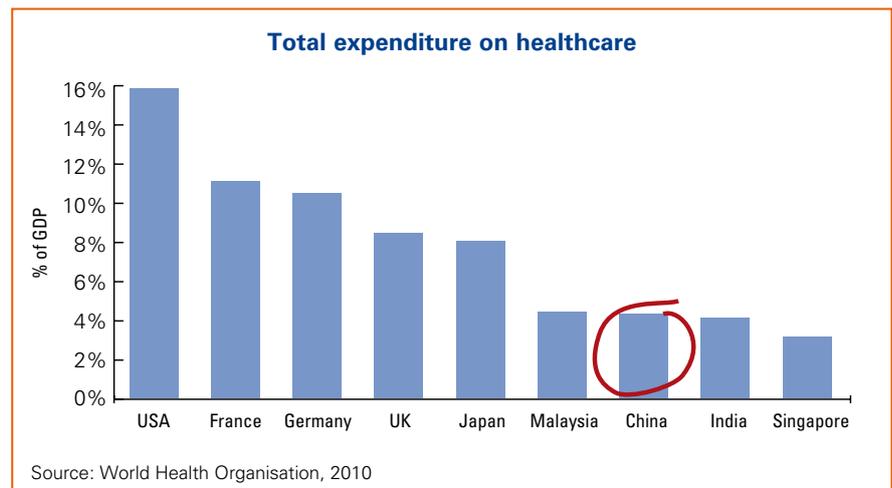
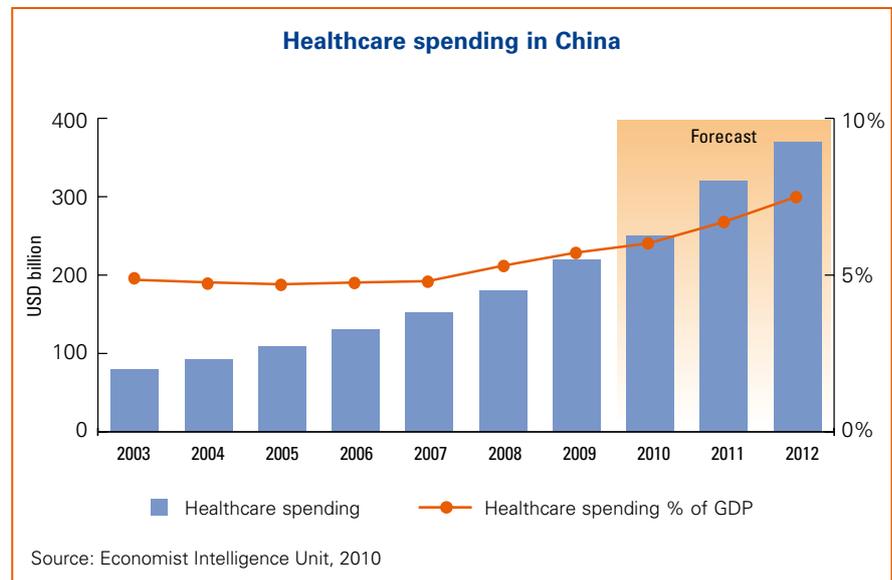
<sup>7</sup> "Implementation Plan for the Recent Priorities of the Health Care System Reform (2009-2011)", State Council Information Office, 9 April 2009.





# China's current healthcare system

Due to the nature of healthcare pricing structures and the low coverage of medical insurance schemes, there is significant potential for growth in demand of healthcare-related services and products. While healthcare spending growth slightly lagged broader economic indicators through much of the last decade (albeit during double-digit GDP growth), since 2008, with the initial reform initiatives, the proportion of GDP spent on healthcare has begun to increase.



## Medical insurance reimbursement

In 2003, the Chinese government had launched a cooperative medical program in the rural areas of China to offer farmers basic healthcare. Each person pays RMB 20 to join, whereas the government contributes RMB 80 per person<sup>8</sup>. Currently, the rate of participation for this program is around 91 percent.<sup>9</sup>

Despite this, the average out-of-pocket expenditure as a percentage of private expenditure on health in China is 92 percent compared to a world average of 44 percent<sup>10</sup>. This is due to the scheme’s focus on cost care – last year 82.6 percent of reimbursements went to in-patient services, but the average reimbursement rate of in-patient expenses is only 55 percent.<sup>11</sup>

## Treatment and medicinal expenses

The pharmaceutical industry has relatively few major players with economies of scale. In addition, the fragmented and multi-layered distribution system has contributed to relatively high end prices in pharmacies and drug stores, while hospital funding and procurement mechanisms have encouraged over-prescription and misallocation of funds.

### The pharmaceutical distribution network in China

	No. of companies in 2007	Concentration Top 3’s share	Typical net profit margins
USA	70	96%	1.5-2.5%
Japan	130	70%	1.0-1.5%
China	13,000	21%	0.60%

Source: “China Healthcare Industry Research”, CITIC, August 2007

## Distribution of healthcare resources

Public sector pricing and insurance reimbursement systems have tended to encourage the use of larger ‘high-end’ hospitals for minor ailments. The result is that major urban or ‘comprehensive’ hospitals boasting high-tech equipment have high utilisations but are largely occupied with regular out-patients, while smaller community and village hospitals and clinics are less used.

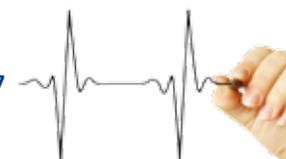
In addition, public sector remuneration remains significantly lower than in the private sector.

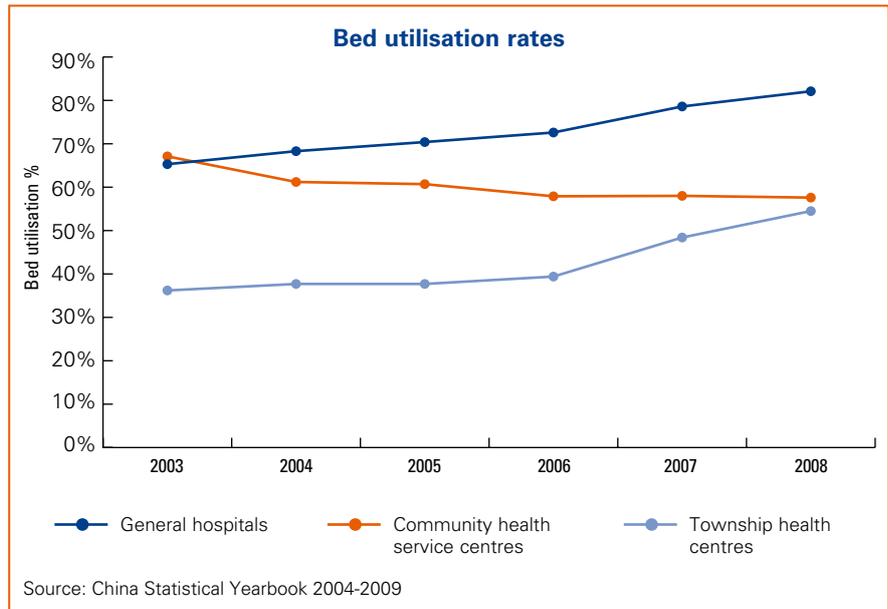
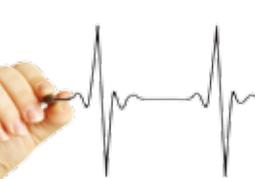
<sup>8</sup> “China’s new rural medical care system pools more money for farmers”, Xinhua News Agency, 9 March 2010

<sup>9</sup> China Statistical Yearbook 2009

<sup>10</sup> World Health Organisation 2010

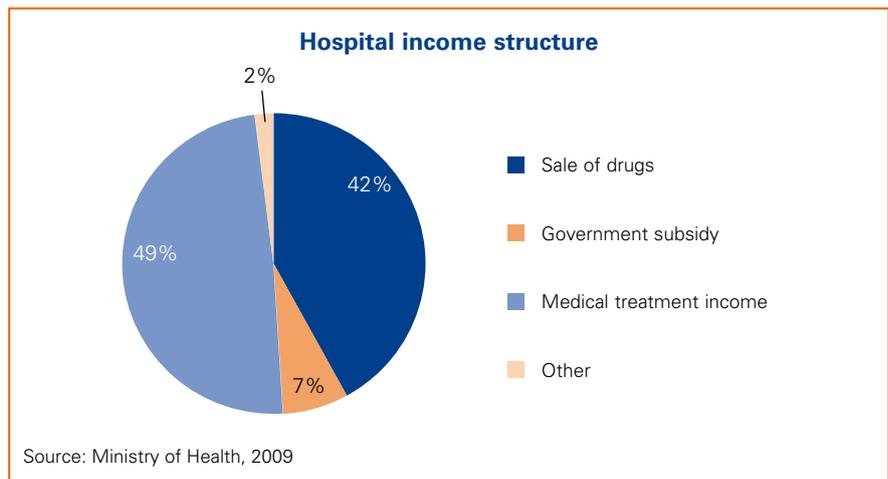
<sup>11</sup> “China’s new rural medical care system pools more money for farmers”, Xinhua News Agency, 9 March 2010





### Customer-orientated improvements

As public hospitals generate a significant portion of their income from the sales of drugs as well as medical treatments, public hospitals tend to focus on the utilisation of pharmaceuticals in addition to the patients' needs. This reduces the priority given to the customer experience, from queue waiting times to appropriate prescription dosage.





# Opportunities by sector

## Pharmaceuticals (prescription and over-the-counter)

An attraction of the pharmaceutical industry is its relative robustness in the face of economic downturns. Total pharmaceutical sales revenues in China increased at a compound annual growth rate of 20.5 percent between 2005 and 2009, and are forecast to be around 16.9 percent between 2010 and 2014.<sup>12</sup> Although this is slightly slower growth, it still represents a significant opportunity in an international context.

While healthcare reform may reduce the over-prescription of drugs by public hospitals, it also stands to improve grassroots healthcare services and coverage, thereby increasing the demand for generic pharmaceuticals.

The changes in government procurement may also facilitate consolidation among pharmaceutical manufacturers. With margins set to decline for those manufacturers and distributors targeting large government contracts, the larger generic drug providers may prove better positioned than their smaller counterparts in terms of economies of scale.

Pricing controls and squeezed margins on generic prescription pharmaceuticals could result in a shift to over-the-counter pharmaceutical and health product marketing as larger manufacturers target higher margin products with market-driven end pricing. Increased medical insurance coverage and improved health awareness (itself promoted by public campaigns and private pharmaceutical marketing alike) may promote this trend for over-the-counter pharmaceuticals, with the segment outgrowing total pharmaceutical sales at a forecast 17.9 percent between 2010 and 2014.<sup>13</sup>



<sup>12</sup> "China Pharmaceuticals & Healthcare Report Q2 2010", Business Monitor International, March 2010  
<sup>13</sup> "China Pharmaceuticals & Healthcare Report Q2 2010", Business Monitor International, March 2010





The reform also emphasises the development of TCM through inclusion on the state list of pharmaceuticals approved for state medical insurance coverage and hospital procurement.

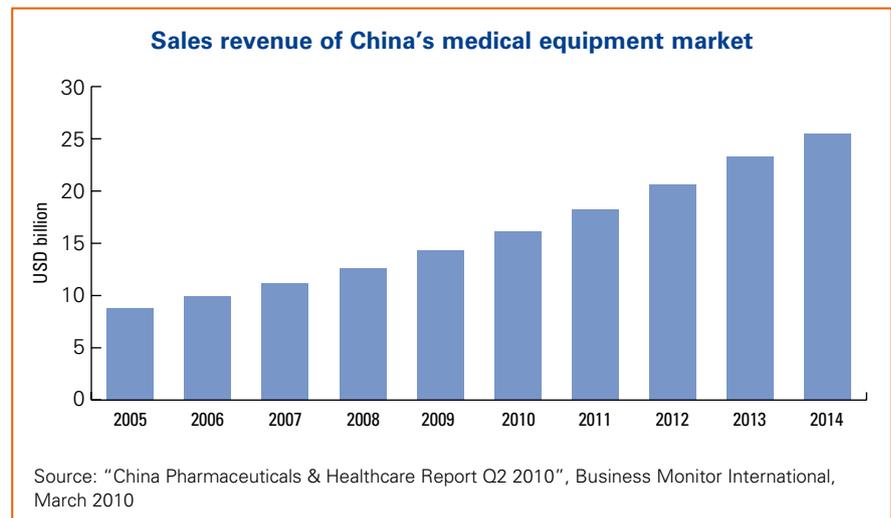
### Medical equipment

Sales of medical equipment in China reached USD 14.27 billion in 2009 and are forecast to grow by a further 12.1 percent between 2010 and 2014.<sup>14</sup> This sector benefited from China's recent export boom, with total exports peaking at USD 1.4 trillion in 2008.<sup>15</sup>

Domestic demand will be directly stimulated by the government's more direct reforms, including allocating USD 250 million to subsidise medical equipment purchases in the rural regions of central and western China.<sup>16</sup> This is especially beneficial as investment in rural hospitals and clinics is driving demand for low and mid-range medical equipment.

The reformed public procurement process, along with a renewed emphasis on enforcing existing regulation (GMP, for example) could trigger consolidation among equipment manufacturers. Small-scale and low-margin manufacturers may find it challenging to meet higher enforcement standards and may lose out on larger public contracts as a result.

Some of the larger domestic medical equipment manufacturers are moving quickly up the value chain and are increasingly well positioned to compete with their international competitors. Investment in higher-value equipment in the public hospitals of more affluent (but still cost-conscious) provinces will encourage this trend.



### Distribution (of pharmaceuticals and equipment)

In an effort to lower the end prices, the healthcare reform also looks to consolidate the pharmaceutical and equipment distribution systems over the next decade. This may either be oriented towards building economies of scale for distribution of low-margin products (including through public procurement) or for building more specialised distribution for high-margin products serving the private sector.

<sup>14</sup> "China Pharmaceuticals & Healthcare Report Q2 2010", Business Monitor International, March 2010

<sup>15</sup> China Statistical Yearbook 2009

<sup>16</sup> "China allocated \$250m for medical equipment in west, central regions", Xinhua News Agency, 25 April 2009

In addition, the government’s enforcement of existing regulations, such as the Good Safety Practice certification in the supply chain, can create barriers to entry that will also shape consolidation patterns in the future.

In anticipation of the longer-term impact of reform, the larger and better-financed distribution players have begun to increase key logistic centre capacity to meet predicted demand. One such example is Sinopharm Group Co., Ltd. who has signed a strategic cooperation agreement with the People’s Government of Gansu Province to develop pharmaceutical logistics centres and the subsequent medical distribution network.<sup>17</sup>

### Private hospitals and clinics

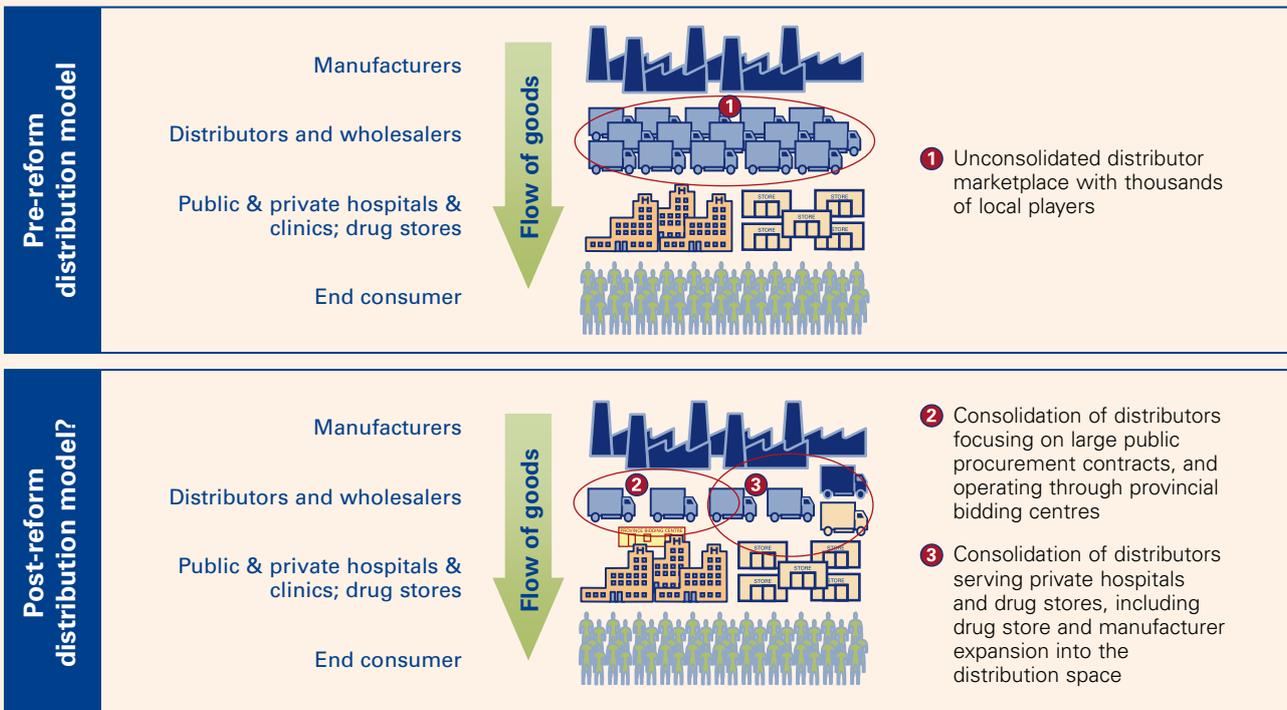
While an opportunity for private sector investment in existing public assets is likely to emerge, it may be a slow process. A more immediate impact of healthcare reform is the encouragement of private healthcare organisations, especially non-profit healthcare institutes, at green- and brown-field investments.

In effect, public private partnerships may also service the need of the state-sector’s rural clinic ambitions. For the construction of village clinics, for example, various capital structures are encouraged.

Loosening of other regulations could allow other private institutes to more clearly entice high-quality staff through remuneration packages.

#### A revised distribution model?

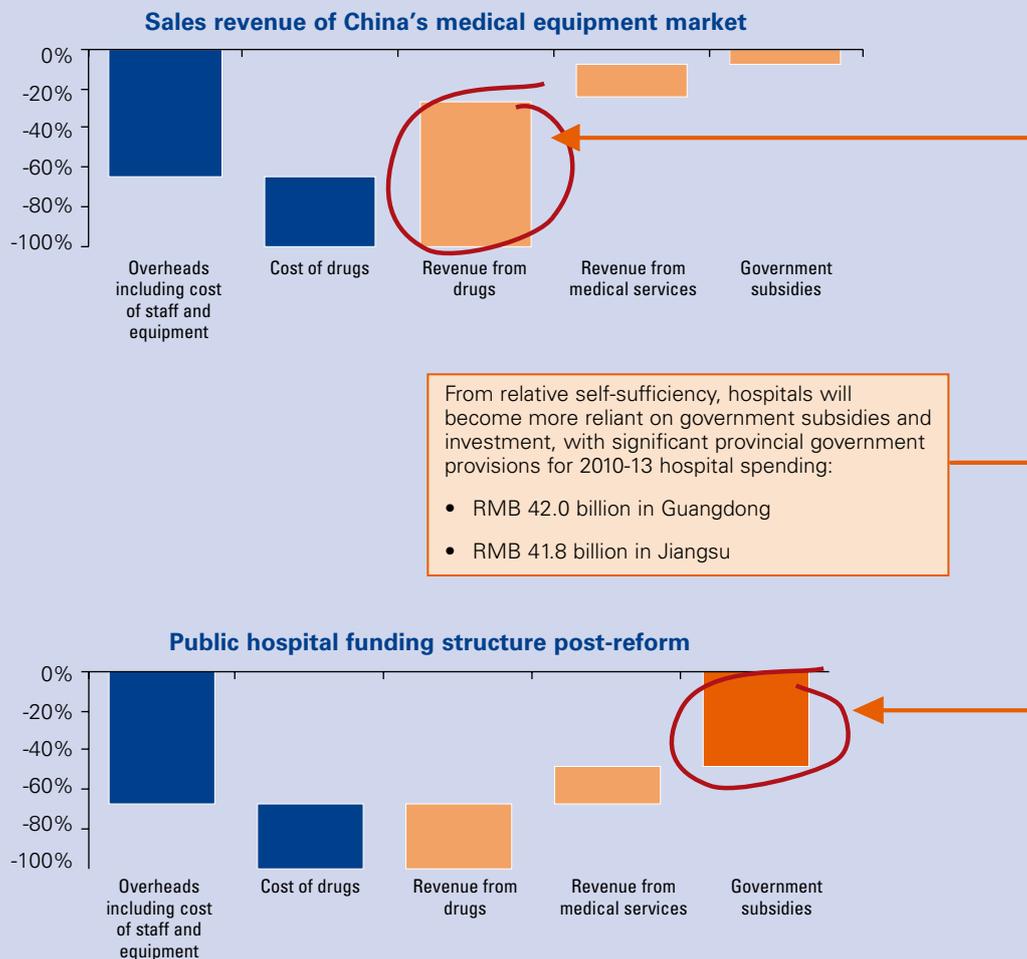
The government’s preference for future consolidation in the distribution space is clear. What is less clear is the extent to which they will directly attempt to stimulate consolidation. State-backed players in pharmaceutical and equipment manufacturing and distribution could proactively drive the change, while other aspects, such as procurement, may also indirectly help to drive such changes.



<sup>17</sup> “Sinopharm hold joint hands with Gansu Provincial Government for a comprehensive strategic cooperation”, Sinopharm company website, 12 March 2010



## How public institutions' funding structures may impact private healthcare providers



### Clearer differentiation between public and private hospitals

- Given new funding structures for public hospitals and the move to see greater utilisation of smaller clinics and sanitation stations, public hospitals may be expected to limit services available such as high-end operations
- Demand for such specialised high-end operations may increasingly be supplied by private hospitals with service fees which are nonetheless partially covered by public insurance schemes. Since high-end private hospitals will tend to cluster around more affluent urban areas, there may also be a trend towards internal migration for healthcare services from less developed provinces

### Various trial approaches to private hospitals mean that opportunities may differ significantly by region

- In Beijing, for example, the municipal government is keen to see that differences in land use rights and tax treatment are phased out
- In places such as Anhui, subsidies are being extended to both private and public hospitals, enabling the end-buyers to purchase the drugs from service providers at wholesale prices. This amounts to a reduction of 50 percent in end price for 500 common pharmaceuticals.

Note: Assumes the sales volume of drugs at public hospitals decrease 10% and revenues from medical services increase 10%

Sources: Ministry of Health, April 2009; "40% of revenues are from drug margin", Jianguhai Daily, February 2008; "Opinions of establishing state basic medicine system", State Council Information Office, August 2009

## Private medical insurance

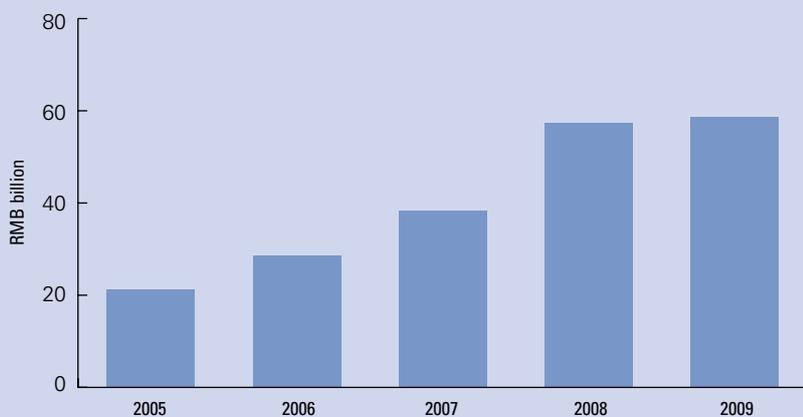
A key foundation of healthcare reform is a significantly increased role for public medical insurance. In principle, this change aims to resolve the high out-of-pocket payment rates (of around 55 percent)<sup>18</sup> seen in China. It could create growth challenges for a private medical insurance industry that remains relatively small.

Aware of the potentially negative interpretations of an expanded public insurance scheme on private providers, reform literature to date has stated its support for the continued growth of commercial insurance alternatives. Niche requirements, company-led schemes and the overall growth of China’s middle class (from 70 million in 2005 to an estimated 520 million by 2025)<sup>19</sup> offer sound drivers for growth.

Despite its expanded coverage and depth, public insurance shall remain relatively basic by some international standards (an annual subsidy of RMB 120 per capita by 2011,<sup>20</sup> compared with an effective spend of RMB 30,000 per person in the UK).<sup>21</sup> Many specialist healthcare requirements and the desire to avoid public waiting lists mean out-of-pocket payments are likely to continue. This provides an opportunity for private insurers.

## Private medical insurance

Insurance premiums of China’s private medical insurance, 2005-2009



Sources: “Reform of China Medical Insurance System: major supporting to full coverage medical insurance”, Insurance Research Magazine No.2, 2009; “Looking for development way in 2010 for medical insurance industry”, MSN, December 2009; “Suggestion to the private medical insurance industry”, Commercial Times No. 3, 2005

### Private medical insurance remains a largely untapped opportunity in China

- Regulatory changes since 2005 have encouraged the growth of private healthcare schemes but these remain modest with around RMB 40 billion in revenues per capita
- As elsewhere, within individual companies, investment returns are relied on as pay-outs tend to exceed premiums
- The market is relatively limited in the types of personal medical insurance products offered to Chinese citizens, with a focus on inpatient costs and particular ailments, although corporate schemes popular with foreign-owned and Sino-foreign joint ventures are the prime users of more comprehensive high-end coverage

<sup>18</sup> World Health Organisation, 2010

<sup>19</sup> “中国中产阶级面临洗牌 20年后人数将增至5.2亿”, Sohu.com, 8 August 2006

<sup>20</sup> “Implementation Plan for the Recent Priorities of the Health Care System Reform (2009-2011)”, State Council Information Office, 9 April 2009.

<sup>21</sup> World Health Organisation, 2010





## Information Technology

Healthcare institutes around the world commonly use various database standards. Around 90 percent of China's hospitals are at some stage in the adoption or use of the standard Hospital Management Information System platform, or more sophisticated alternatives. That still leaves an estimated 3,000 hospitals without a database system that is easily accessible or transferrable across a wider hospital and clinic community.<sup>22</sup>

In addition, China's hardware infrastructure is relatively basic. The ratio of servers per hospital is around 20 times higher in the US than in China.<sup>23</sup>

The focus under the reform is to develop e-dossier standards to facilitate input, storage, sharing and access of data, at least across hospitals that fall within the same municipal or provincial government.

While there is no plan for national standardisation as of yet, several trials are taking place at the provincial level. These trials may receive more support as the reform process progresses.

The opportunity for IT players is therefore significant, with each of the nation's 1,200 Class III hospitals requiring upwards of RMB 10 million (in many cases much more) in IT upgrades.<sup>24</sup> In addition, the fragmented nature of these upgrades means that multiple IT contract opportunities are emerging across the country's provinces, spanning platforms and e-dossiers as well as centralised servers and customised PC networks.

However, the domestic IT sector still faces challenges as resource shortages restrict its growth and quality level. As such, foreign players including Dell and Microsoft have been targeting government healthcare-related contracts, though larger domestics, such as Lenovo and Neusoft, are also well positioned in a sector where local government often procures Chinese brands

<sup>22</sup> "复杂的医院资讯系统", 28.com, 2 November 2008

<sup>23</sup> "我国HIS(医院资讯系统)投资见高潮", QuYang Hospital, 13 December 2007

<sup>24</sup> "09年终回顾之: 医疗资讯化与医改同行", www.pcpop.com, 7 January 2010



# Developments in e-healthcare

Since 2009, China has been investing billions of renminbi in healthcare information systems. Much of this will be directed to medical insurance information systems, and to developing and integrating the information system of grass-roots medical services and regional healthcare projects.

This represents a significant amount of funding that could help create networked, digitised healthcare service information.

## Current status

E-healthcare brings together information technology and modern networked communications infrastructure to manage information such as between different medical departments and hospitals. Core to its development is the sharing of patient information between different departments in one or multiple hospitals as well as with the community, medical insurance and health administration departments.

The development of e-healthcare in China is occurring under three categories:

**Hospital Management Information Systems (HMIS):** This relates mainly to enhancing the IT and information capabilities of finance systems. There are approximately 30,000 hospitals in China, of which about 90 percent have built or are developing an HMIS.<sup>25</sup>

**Hospital Clinical Information Systems (HCIS):** This involves the integration of clinical functions such as e-medical records and data from physical examinations. Around 20 percent of Chinese hospitals are transforming to this stage.<sup>26</sup>

**Geographic Management Information Systems (GMIS):** This involves the sharing of information among hospitals, between middle and small cities or between districts in a big city.

From 2003 to 2008, the annual compound growth rate of IT investment in healthcare stood at 24 percent, accounting for 40 percent of total investment in healthcare information solutions.<sup>27</sup> HCIS investment has also increased steadily.

According to analysis by IDC, the total IT investment in healthcare reached RMB 8 billion in China in 2008. In 2010, the total investment of IT hardware, software and service market will amount to RMB 12 billion, and the share of software and services will be 41 percent. From 2007 to 2011, the annual compound growth rate of investment in e-healthcare of China will be 17 percent.<sup>28</sup>

There are around 500 HMIS suppliers in China’s healthcare industry, of which around 30 are large suppliers. IT giants like IBM, Intel, Microsoft, Canon and Neusoft have entered this market as well.<sup>29</sup>

<sup>25</sup> Ministry of Health, 2009; “我国HIS(医院资讯系统)投资见高潮”, OuYang Hospital, 13 December 2007

<sup>26</sup> “炽热IT与温吞医疗—关于医疗资讯化市场故事”, www.51report.com, 26 March 2007

<sup>27</sup> “茁壮:医疗资讯化的巨额投入和热潮所带来的思考”, 中国资讯网e医疗 Issue No.2, 2010: “2003年医疗资讯化投资将达23.6亿”, Sina.com.cn, 6 June 2003

<sup>28</sup> “Healthcare IT investment will be CNY12 billion”, China Times, April 2009

<sup>29</sup> “医院资讯系统建设中的关键技术探讨”, 中华现代医院管理杂志, November 2003





## Challenges and areas for development

Many challenges ahead will influence the adoption of e-healthcare in China, especially given the disparate level of economic development and service provision by hospitals. The level of investment in e-healthcare is relatively low by international standards. According to the Ministry of Health, hospitals invest only around 0.1 percent of their gross revenue on eHealthcare systems.<sup>30</sup>

Investment will also need to be accompanied by increased staffing in the hospital's information departments. The healthcare industry has unique and strict requirements relating to the stability and safety of IT systems and there can be high risk if operations are affected by system failure or misuse.

At present, patient identification, the code of diagnosis and pharmaceuticals are defined individually by hospitals. The diagnosis information of a patient can not be shared in different hospitals, threatening the further development of HMIS. The development of e-medical record and PACS cannot progress without standardised information among hospitals.

After-sales support and integration between IT systems and healthcare business could bring about business opportunities in providing operational training.

Another major area for development would be in medical insurance information systems. China will accelerate the development of medical insurance information systems with compound functions like fund management, expense settlement and control, management and supervision of medical behaviours. There is also potential to strengthen the development of basic medical insurance and enhance transparency.

## Developments at the grass-roots

As China is striving to improve the healthcare conditions in grass-roots, rural and community areas, investment in the IT infrastructure can help maintain a high growth rate.

Community and rural medical organisations are still short of medical resources. It could be costly and inefficient to increase equipment investment in these organisations or in other traditional ways. Remote healthcare can help distribute medical healthcare resources into grass-roots area.

### Key features of e-healthcare development in China

- Increasing diversification of products
- More transparent procurement and selection of IT products
- Stricter security requirements
- Improved ability in document tracking
- Higher compatibility
- Stronger demand on remote healthcare consultation support
- Increasing importance of IT service

<sup>30</sup> “复杂的医院资讯系统”, Sohu.com, 2 November 2008



## Conclusion

Healthcare industries often attract investors for their relative immunity from cyclical downturns. However, the healthcare reforms now occurring in China offer a once-in-a generation opportunity. The government’s plans, while still crystallising, should offer significant opportunities within particular niches and for ably-managed private healthcare companies.

Direct government investment in public healthcare infrastructure, an expansion of basic medical insurance and a revision of the public procurement system should all drive demand, particularly for generic pharmaceuticals and lower-value equipment.

Stricter enforcement of regulations and the revision of the public procurement system could force some small companies out of business and prompt industry consolidation among manufacturers and distributors.

Indirectly, as the reform’s supply-driven demand for public services complements wider socio-economic changes in China, demand for private hospital and clinic use, and higher-value pharmaceuticals and equipment will surely increase.





# How KPMG can help

KPMG is committed to providing quality services to our clients. To help meet our clients' needs, KPMG China has drawn on all of our key service areas and has formed the Healthcare practice. This multi-disciplinary group with industry knowledge, focus and experience, provides audit, tax, due diligence and other quality business advisory services to our clients in this sector.

## Audit

Clients look to KPMG to provide independent and objective assurance on the reliability of financial information for statutory, management, and external capital raising purposes. We have extensive experience and knowledge in initial public offerings and capital raising exercises in local and international markets including listed and unlisted funds. Our US Capital Markets Group, located in China, helps facilitate SEC filing reviews in the US Capital markets.

## Tax

KPMG's tax professionals analyse organisations and proactively identify tax-related opportunities and challenges. Services include tax restructuring, tax compliance and planning, tax due diligence, indirect taxes, transfer pricing, international executive services, regulatory, and foreign exchange services.

## Advisory

KPMG's Advisory services tackle the challenges of growth, performance and governance that face all companies around the world. Known for tackling difficult challenges – no matter where they arise – KPMG professionals are able to combine technical, business and market skills with an appetite for delivering answers that work to the individual client. We are able to assist with corporate transactions and restructuring, help develop corporate governance, risk and compliance programmes, and deliver performance and technology-related strategies, in order to achieve a competitive advantage.

# KPMG’s Global Healthcare Group

KPMG is a global network of professional services firm providing Audit, Tax and Advisory services. We operate in 144 countries and have more than 123,000 professionals working in member firms around the world.

In recognition of the fast growth occurring in the healthcare industry, KPMG has formed the Global Healthcare Group, enabling us to share industry knowledge and training amongst member firms. This allows us to assist clients in pursuing opportunities and implementing changes necessitated by industry developments. The Global Healthcare Group also comprises of a large number of healthcare sector specialists with extensive knowledge in serving clients in the healthcare sector across the world.

In 1992, KPMG was the first international accounting firm to be granted a joint venture license in China, and our Hong Kong operations have been established for over 60 years. This early commitment to the China market, together with our unwavering focus on quality, has been the foundation for accumulated industry experience that is difficult to rival.

With twelve offices and more than 8,500 professionals, our single management structure across China and Hong Kong SAR allows efficient and rapid allocation of resources wherever you are located.





# Contact us

## KPMG China contacts

### **Andrew Weir**

Partner in charge  
Infrastructure, Government &  
Healthcare  
Hong Kong SAR  
Tel: +852 2826 7243  
andrew.weir@kpmg.com

### **Ayesha Macpherson**

Partner in charge  
Tax  
Hong Kong SAR  
Tel: +852 2826 7165  
ayesha.macpherson@kpmg.com

### **Peter Wong**

Partner  
Infrastructure, Government &  
Healthcare  
Hong Kong SAR  
Tel: +852 2826 7152  
peter.wong@kpmg.com

### **Egidio Zarrella**

Partner  
Performance & Technology  
Hong Kong SAR  
Tel: +852 2847 5197  
egidio.zarrella@kpmg.com

### **John Ip**

Partner  
Performance & Technology  
Hong Kong SAR  
Tel: +852 2143 8762  
john.ip@kpmg.com

### **Simon Ho**

Partner  
Infrastructure, Government &  
Healthcare  
Beijing  
Tel: +86 (10) 8508 7021  
simon.ho@kpmg.com

### **Sherry Hao**

Partner  
Audit  
Beijing  
Tel: +86 (10) 8508 7087  
sherry.hao@kpmg.com

### **Stephen Ip**

Partner  
Infrastructure, Government &  
Healthcare  
Shanghai  
Tel: +86 (21) 2212 3550  
stephen.ip@kpmg.com

### **Bolivia Cheung**

Partner  
Tax  
Shanghai  
Tel: +86 (21) 2212 3268  
bolivia.cheung@kpmg.com

### **Aaron Lo**

Partner  
Performance & Technology  
Shanghai  
Tel: +86 (21) 2212 3701  
aaron.lo@kpmg.com

### **Li Fern Woo**

Partner  
Audit  
Shanghai  
Tel: +86 (21) 2212 2603  
lifern.woo@kpmg.com

### **Benny Liu**

Partner  
Infrastructure, Government &  
Healthcare  
Guangzhou  
Tel: +86 (20) 3813 8118  
benny.liu@kpmg.com

### **Ricky Wong**

Partner  
Transactions & Restructuring  
Guangzhou  
Tel: +86 (20) 3813 8833  
ricky.wong@kpmg.com

### **Mei Dong**

Director  
Transactions & Restructuring  
Beijing  
Tel: +86 (10) 8508 5809  
mei.dong@kpmg.com



**Beijing**

8th Floor, Tower E2, Oriental Plaza  
1 East Chang An Avenue  
Beijing 100738, China  
Tel : +86 (10) 8508 5000  
Fax : +86 (10) 8518 5111

**Shanghai**

50th Floor, Plaza 66  
1266 Nanjing West Road  
Shanghai 200040, China  
Tel : +86 (21) 2212 2888  
Fax : +86 (21) 6288 1889

**Shenyang**

27th Floor, Tower E, Fortune Plaza  
59 Beizhan Road  
Shenyang 110013, China  
Tel : +86 (24) 3128 3888  
Fax : +86 (24) 3128 3899

**Nanjing**

46th Floor, Zhujiang No.1 Plaza  
1 Zhujiang Road  
Nanjing 210008, China  
Tel : +86 (25) 8691 2888  
Fax : +86 (25) 8691 2828

**Hangzhou**

8th Floor, West Tower, Julong Building  
9 Hangda Road  
Hangzhou 310007, China  
Tel : +86 (571) 2803 8000  
Fax : +86 (571) 2803 8111

**Fuzhou**

25th Floor, Fujian BOC Building  
136 Wu Si Road  
Fuzhou 350003, China  
Tel : +86 (591) 8833 1000  
Fax : +86 (591) 8833 1188

**Xiamen**

12th Floor, International Plaza  
8 Lujiang Road  
Xiamen 361001, China  
Tel : +86 (592) 2150 888  
Fax : +86 (592) 2150 999

**Qingdao**

4th Floor, Inter Royal Building  
15 Donghai West Road  
Qingdao 266071, China  
Tel : +86 (532) 8907 1688  
Fax : +86 (532) 8907 1689

**Guangzhou**

38th Floor, Teem Tower  
208 Tianhe Road  
Guangzhou 510620, China  
Tel : +86 (20) 3813 8000  
Fax : +86 (20) 3813 7000

**Shenzhen**

9th Floor, China Resources Building  
5001 Shennan East Road  
Shenzhen 518001, China  
Tel : +86 (755) 2547 1000  
Fax : +86 (755) 8266 8930

**Chengdu**

18th Floor, Tower 1, Plaza Central  
8 Shuncheng Avenue  
Chengdu 610016, China  
Tel : +86 (28) 8673 3888  
Fax : +86 (28) 8673 3838

**Hong Kong**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
Tel : +852 2522 6022  
Fax : +852 2845 2588

**Macau**

24th Floor, B&C, Bank of China Building  
Avenida Doutor Mario Soares  
Macau  
Tel : +853 2878 1092  
Fax : +853 2878 1096

[kpmg.com/cn](http://kpmg.com/cn)

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