



Exporting Medical Services to the Mainland

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The State of Affairs

Geographic difference

4 major regions:

- North (Beijing)
- Central (Shanghai)
- South (Guangzhou)
- Southwest (Chengdu and Chongqing)

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The State of Affairs (cont'd)

The Types of Medical Providers in Beijing

- Public Hospitals
- JV Set Up in Public Hospitals
- JV Clinics
- Private Clinics
- Local Private Clinics

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The State of Affairs (cont'd)

Their Customer Profiles

- Public Hospitals
 - Locals, people from out of the city
- JV Set Up in Public Hospitals
 - Affluent locals, selected patients from out of the city; usually for specific specialties

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The State of Affairs (cont'd)

Their Customer Profiles (cont'd)

- JV Clinics
 - Expatriates, visitors, affluent & high income group
- Private Clinics
 - Expatriates, visitors, affluent & high income group
- Local Private Clinics
 - Locals, people without proper medical insurance coverage

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The State of Affairs (cont'd)

Who are Our Competitors and why?

- Public Hospitals
 - Shifting their focus to the private sector
 - Potential: huge medical conglomerate

- JV Set Up in Public Hospitals
 - Have earned their first millions and experience
 - Ready for expansion and to be on their own

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The State of Affairs (cont'd)

Who are Our Competitors and why?

- JV Clinics

- Private Clinics
 - Attracting local and foreign investors from US, Japan, Korea, Singapore, Australia

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The Typical Target Customer Profile & their Needs

- Not the general public
- The Affluent Group
 - Perceived level of professionalism
 - Not limited to those in the major cities
 - More concerned about their current health conditions
 - Very concerned about their privacy

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The Typical Target Customer Profile & their Needs (cont'd)

- The Middle Class
 - Insurance coverage
 - Comfort level of professionalism
 - Reasonable cost

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What are the Gaps?

- Perceived level of professionalism
- Facility and business Management
- Customer service quality
- Funding (but yes and no)

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What is our edge?

- Brand Equity
 - The medical profession
 - The “foreign” label
 - Our exposure to Western medicine
 - Geographically we are the nearest “Western” hospitals
- Technical Expertise
 - Quality of our medical practitioners
 - Hospital management expertise

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What is our edge? (cont'd)

- Direct Investment
- Other Capabilities
 - Fund raising capabilities
 - Marketing capabilities

But how long would these edges last?

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What are the opportunities?

- Setting up our own clinics
- Acquisition of local hospitals
- Providing management expertise to local hospitals
- Providing medical services in Mainland
- Providing medical services to people from Mainland in Hong Kong

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What are the barriers: home ground?

- The understanding of the system
- Our work practices and culture
- Our cost
- The lack of professional indemnity
- Our relationship building with the local network

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What are the barriers: Inbound?

- The distribution channel
- Marketing and coordination
- After treatment support
- All follow up support
- Ensuring long term partnership
- Cost

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Risks

- Ensuring completion of JV project
- Legal disputes arising from “malpractice”
- Changing legislation
- Implication of high profile and low profile entry
- Intent of the JV partner
- Tax implications

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Summary

- Opportunities abound for us in the Mainland
- Fierce competition:
 - overseas medical companies
 - mainland medical conglomerates
- Must focus on niche services and products

Conclusion:

More collaboration among Hong Kong medical entities for more effective and faster business development in the Mainland

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