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China Life Sciences Health Industry Client Briefing – April 2013 (May 15, 2013)

Pharmaceuticals, Medical Devices, Health Care & Life Sciences Drugs

Approval of Innovative Drugs and Key Sector Generic Drugs to be Expedited *(Shanghai Securities Journal 2013-04-23)*

Given the significance of generic drugs within China's health care system, the duplication of generic drug research and development is a serious concern. Currently, certain generic drugs are facing both surplus and shortage problems in the domestic market. To address these problems, China's Food and Drug Administration ("CFDA") intends to give priority to the examination and approval of both innovative drugs and key sector generic drugs, including anti-tumor, anti-tuberculosis, anti-HIV and cardiovascular drugs.

Guangzhou Pharma Case *(Global Times 2013-04-08) – April 8, 2013*

The Guangdong Food and Drug Administration ("GFDA") recently found that Guangzhou Pharmaceutical Co. compromised the safety of a medication widely used to cure the flu in China. Specifically, the GFDA found that the production of Vitamin C Yinqiao tablets was compromised through the illegal use of non-medicinal parts of the wild honeysuckle flower. In addition, the GFDA determined that the manufacturer, through its efforts to avoid government supervision, committed serious breaches of Chinese drug administration laws by forging relevant production records. The company's production license has been revoked and those involved will be prosecuted for criminal liability.

Fosun Pharma to Acquire Israel-Based Medical Device Manufacturer

(Caijing 2013-04-27) – April 27, 2013 Through a joint venture with Pramerica-Fosun China Opportunity Fund, L.P., Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (“Fosun”) recently announced that it will acquire Israel-based Alma Lasers Ltd. (“Alma”), with a 95.6 percent share of the company for approximately US\$240 million. Alma is a well-known manufacturer of medical laser, photonic radiofrequency, and ultrasonic products, and whose high-end cosmetic laser devices account for 15 percent of the global market share. Last year, Alma’s revenue in China alone approached approximately 23 percent of its global revenue. Following the merger, Fosun will establish Alma as a management platform for the research and development, manufacturing, and sales of high-end medical devices.

Traditional Chinese Medicine (“TCM”)

Beijing Hosts Traditional Chinese Medicine (“TCM”) Training Program (China Daily 2013-04-16) – April 16, 2013 Despite the recent outbreak of cases of human infections with the avian influenza A (H7N9) virus in China, health officials from 14 countries in Asia traveled to Beijing to attend a 10-day Traditional Chinese Medicine (“TCM”) training program. The program, which was launched April 15, was conducted by the Chinese National Health and Family Planning Commission. The program focused on sharing China’s perspectives and experiences with advancing TCM science, integrating the non-medicinal therapeutic techniques of TCM with modern medicine, and exploring efficient cooperative mechanisms among participant countries.

Medical Devices**Ministry of Industry and Information Technology (“MIIT”) Supports**

Development of Medical Devices (Guangzhou Daily 2013-04-26) The Ministry of Industry and Information Technology (“MIIT”) will reportedly list medical devices as one of its “supported projects” for this year. As a result, the medical device companies included on the list may possibly benefit from subsidies granted by the MIIT. While the criteria to be used by MIIT in its selection of companies qualified to receive such subsidies is not yet known, given the great market potential for foreign medical device companies in China, it is reported that large foreign medical device companies – such as GE Healthcare – are trying to compete with Chinese companies through localization of their products.

Medical Reform**Changes in the Healthcare Industry (China Daily 2013-04-09) – April 10,**

2013 The use of private health care is becoming increasingly popular in China. In addition to the use of private health care workers, more Chinese – particularly those living in urban areas – are willing to pay a higher price for the safety and convenience of private, professional nursing services.

Medical Reforms in China Attract Pharma Giants (*China Daily* 2013-04-13) – April 15, 2013 Given the large market potential and increased health care expenditures in China, many of the world's leading international health care companies are quickly expanding their manufacturing capabilities in China, as well as looking for potential merger and acquisition opportunities. Last year alone, the government's spending on health care expenditures rose by 27.1 percent. The government has also recently announced its plans to increase investments in preventing and treating chronic diseases, and to expand health care reimbursement by adding more medicines to the essential drugs list. As a result of these opportunities, more than 10 international health care companies launched new medicines and medical devices in China in late March.

State Council Issues Guiding Opinions on the Reform and Improvement of Local Food and Drug Supervision and Management (Central Government 2013-04-18) In accordance with a plan adopted by the National People's Congress ("NPC"), the State Council recently issued several opinions related to the reform of the local supervision mechanism established for food and drugs. The opinions require local governments to uniformly establish food and drug supervision agencies by combining a number of existing departments at the local level – including those departments overseeing safety, quality, and inspection within food and drug, as well as industry and commerce, administrations. The opinions also require regional inspection centers to be established. The food and drug administrations at the county levels may establish dispatch institutions within smaller municipalities, such as villages and towns, to assist with grassroots supervision. Furthermore, the food and drug administrations at the provincial, city and county levels must complete their reform efforts by the end of this year.

Others

Healthcare Companies Promote Internet-Based Medical Services (*China Daily* 2013-04-13) – April 15, 2013 GE Healthcare, the medical arm of General Electric Co., is promoting its Internet-based medical technology and solutions in China. According to Rachel Duan, President and CEO of GE Healthcare China, GE Healthcare intends to use Internet-based long-distance imaging to care for patients, reduce costs, and increase efficiency. The multi-national medical device developer and manufacturer is not the only company testing the waters in Internet-based and mobile health care. Other foreign and domestic companies, such as Siemens Healthcare, Omron Medical Devices, and Mindray Medical International Ltd., have also adopted this strategy.

Internet-based telemedicine is a rapidly growing sector within the health care industry. According to a report from the Global System of Mobile Communications Association, mobile health care is expected to create \$6.6 billion in revenue for medical device companies between 2012 and 2016.



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