

## China Healthcare

Key takeaways from our conference call  
with medical device expert

## Industry Overview

To have an updated view on the domestic medical device market, we hosted an expert call with Shuo Han, the Chief Executive Officer and Owner of Beijing Imaging Dynamics Electric Co., Ltd, to discuss his latest view on the domestic medical device market and provide with us an outlook.

**Impact from ACC declines; tenders recovery remains weak**

Regarding the impact from the ACC, Mr. Han stated that the negative impact from the ACC has declined, but the ACC has entered a stage of “new norm” and would last up to 2026. Although the negative impact from ACC has faded, the expert still sees a weak recovery in the public tenders for medical devices, and believes it is mainly due to the hospital’s tight budget. Additionally, the expert shared that there is still a strong demand for hospitals to renew their equipment to improve efficiency and medical capabilities, e.g., small hospitals need to renew radiology imaging devices every 8-10 years, while large hospitals need to do that every 3-5 years. Due to the control on budget, the expert said that the public tenders for medical devices procurement in 2023 seem to be much lower than that of previous years.

**Update on the medical device policies**

Given the conflict between the hospital’s rigid demand for the medical devices and the government’s tight budget, Mr. Han said the government has adopted various approaches such as the municipal-level public tender and large medical devices leasing trial. In 2023, Beijing had organized a municipal-level public tender for the ultrasound devices, which led to a significant price-cut. In the same year, Guangdong government announced the ‘Plan to Implement the Medical Equipment Leasing Trial’ for the medical equipment, including CT, MRI and DR. However, the expert holds a cautious view on the medical equipment leasing policy given the government’s strict limitations, including 1) the total leasing cost for the whole life span of the equipment should not be higher than procurement price; 2) profit margin of the medical equipment leasing services is strictly limited.

**Observations on the import substitution**

Regarding the trend of import substitution of medical devices, the expert believes that the domestic brands are already in a position to compete with imported brands in terms of regular medical devices. Mr. Han said that the domestic brands have advantages in terms of price and maintenance costs and have already dominated the domestic market of medical devices, such as 1.5T MR and the 64-slice CT. In terms of the high-end medical devices, such as 3.0 MR and 256-slice CT, the domestic brands still need to improve. Further, the expert shared his observation that hospitals still prefer the imported brands if they are reliant on the government’s fund, but may turn to the domestic brands if they use own cash.

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ACC: anti-corruption campaign

CT: computed tomography

MRI: magnetic resonance imaging

DR: digital radiography

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