

## Health Food Supplements are Playing a Key Role in China's Fertility Preservation Efforts

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### EXECUTIVE SUMMARY

**China is among those sizable markets where huge business opportunities are awaiting to be capitalized on by producers of health food products** (also called health/dietary/nutrition supplements) due to growing interest from the Chinese in consuming these supplements to maintain or even improve their health. The heightened demand stems from the fact that they are generally more health conscious along with China's rising per capita disposable income amid its relatively robust economic growth for last decades.

**More and more people are resorting to the readily available and easy to administrate health supplements** to augment or replenish the nutrients essential for good health. Arising usually from stress at work or school and/or taking care of a family, unhealthy lifestyles such as smoking a lot of cigarettes, drinking too much alcohol, and eating excessively, lead to impairment to body conditions. Meanwhile, unbalanced diet often cause deficiency of certain vitamins, minerals or probiotics, has resulted in overweight or a variety of diseases.

Unlike medications, **dietary supplements have no curing effect**. However, they have high concentration on nourishment that is **crucial to regulating body functions**. By contrast, **medical food**, which is **also known as food for special medical purposes ("FSMP")**, is consumed or administered under the supervision of qualified physicians by patients with certain diseases and are **in need of unique dietary requirements** verified by scientific principles. Indeed, penetration rate of medical food in China is quite low, with merely 1.6% of mal-nourished patients in the nation consuming FSMPs. On the contrary, 65% of such patients in the U.S. take FSMP. It is predicted that China's FSMP total market size would expand to 140.1 million yuan in 2023.

**There is a strong direct correlation between consumers' willingness to buy and consume health supplements and their levels of disposable income or wealth.** China's per capita annual disposable income has been ballooning over the past few decades, reaching 36,883 yuan in 2022, up around 195% from 12,520 yuan in 2010. In the last five years, the value of China's dietary supplement market witnessed a surge of roughly 50%, with expectations of sustainable expansion in the long term. It is projected that sales of health and functional food products in 2022 would have hit 207.9 billion yuan, a nearly 6% growth when compared to that in 2021.

By function, health supplements claiming to boost body immunity captured the largest market share of 28.8%, followed by vitamins, anti-fatigue, and calcium supplements with market share of 14.9%, 12.9%, and 10.2% respectively. In terms of end user, based on data from iiMedia Research ("iiMedia"), young middle-agers were the major consumers since 28% of health food products were sold to them in 2021. Relatively higher awareness of health justified their larger share. iiMedia found that **maternal health food products were another big market segment, contributing to 26% of total sales in 2021 or over 70 billion yuan of estimated sales in the same year in China**, where 94.7% of pregnant women use nutrition supplements during pregnancy. Among those female consumers, 40% of them spent more than 2,000 yuan on nutritional and health products.

After beginning to abandon its family planning agency in 2015, China has since launched several beneficial measures, including the two-child policy in 2016 and the three-child policy in 2021, to encourage women to give birth to more children. Underlying reason for loosening the restriction was the continued downtrend in

## IMPORTANT DISCLOSURES

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