

China Senior Housing and Care

Newsletter March 2014

For internal review only

News Update

1

Industrial Analysis

Further Opening of the Private Capitals on Medical Institutions

---- By Michael Qu

3

Guest Column

Roadblocks and Alternative Paths to a Healthy Senior Housing Market

---- By Ken Y. Chen and Helen Chen

5

Is Close Care the Future for CCRC's? (part II)

----By Martin Habell

7

News Update in Figures

“Senior Care Nurserymaid” in Beijing Will be Licensed by Grades

Recently, Beijing Homemaking Service Association has issued *Profession Regulation of In-home Senior Cares* (hereinafter referred to as the Profession Regulation) to clearly define the post function, basic requirements and working contents of “Senior Care Nurserymaid”. The Profession Regulation is the first of its kind from Beijing in respect to the nursery caring for the seniors.

Working scope of the carers, as stipulated in the Profession Regulation, includes dishes processing, dishes making, room cleaning, household cleaning, clothes cleaning and reorganizing, living caring, along with outgoing activities, spiritual comfort, medical escort, exception handling, etc. The Profession Regulation lists senior care nurserymaid as a separate profession for the first time, and divides it into three levels according to three types of seniors' demands, from high level to low one.

Taking medical escort for example, one of the junior carers' work will be measuring blood pressure and pulse; the intermediate ones will be asked to do hot or cold compress for the half-independent seniors, and memorize the name and dosage of medicines; while the senior level of carers will help family members in the physical recovery training of the disabled seniors, and memorize the name and dosage of medicines.

Also, a survey on 11,003 senior carers' salary made by Beijing Domestic Service Association shows, females occupy 92% of the total number, while males take up to only 8%. It also demonstrates, the percentage of the carers aged from 46 to 55 presents to be the largest—close to 50%. Second to it is carers aged from 36 to 45, which occupy 38%.

The survey shows that average salary per month per caregiver is RMB 2,880.57, rising by 7.45% from RMB 2,682.31 of 2012. The highest average salary is RMB 3,745.32, comparing to the lowest of RMB 2,231.09.

By means of classification of senior carers and thus widening their income gap, we anticipate the Profession Regulation will attract more senior carers to pursue the professional development of the senior nursing career and fill the current market vacancies. ■

Shanghai Issued Administrative Regulation of Senior Care Facilities

On February 25th, 2014, the Shanghai Municipal government issued the *Administrative Regulation of Senior Care Facilities* (the “Regulation”). It will be implemented as of June 1st. The Regulation stipulates that government from every local level shall incorporate the development of senior care facilities in

different district areas into the master plan of national economy and society according to the condition of social economy development and senior care demand, and shall ensure newly-built and old residential areas be equipped with senior care facilities.

The Regulation requires government from every local level to encourage and support social strength to establish and operate senior care facilities by providing investment subsidies, purchasing services and improving the policy for investment and financing. It requires government to encourage private capital to operate public senior care facilities through management entrustment, and encourage senior care facilities to join relevant industrial associations, the main function of which shall cover the areas of providing professional training, serving as third party organization in establishing appraisal system of senior care level, and assisting in disputes resolution in order to protect the legal rights and interests of senior care facilities and their residents.

In respect to the registration mechanism of senior care facility, the Regulation provides two registration approaches for senior care facility upon licensure approval: (a) not-for-profit senior care facility shall be registered with the Registration and Administration Authority of Public Institutions upon being set as Public Institutions, while private-run facility shall be registered with the Ministry of Civil Affairs; (b) for-profit senior care facility shall be registered with the Ministry of Administration for Industry and Commerce.

In respect to the operation and management of facilities, the Regulation provides that senior care facility shall assess the physical condition of the elderly and set the care level, which will be stated in the service contract subject to the confirmation of the elderly or their representatives. Meanwhile, carers of the facility can not start their work until they obtain post licenses upon professional training and passing the examination.

In addition, the Regulation creatively states that the government from central urban areas shall draft the subsidies measures for guiding and encouraging seniors living in urban areas to move into the senior care facilities in suburbs, in order to relieve uneven occupancy of facilities in different areas. ■

General Administration of Quality Supervision Issued “Guiding Opinions on Strengthening Standardization of Senior Care Service”

On January 26, 2014, General Administration of Quality Supervision, Inspection and Quarantine, Ministry of Civil Affairs, Standardization Administration, Ministry of Commerce, China National Committee on Aging, jointly issued *Guiding Opinions on Strengthening Standardization of Senior Care Service Industry* (hereinafter referred to as the Guiding Opinions), aiming to implement the State Council’s plan of *Several Opinions on Speeding up the Development of Senior Care Service*. The Guiding Opinion requests various regions to further strengthen the standardization construction of senior care service till 2020, when the general standards for senior care service are aim to be basically established.

The overall goal of the Guiding Opinions is to basically build the senior care standard system covering general standard, standards for senior care service, management and security mechanism within institution, home and community, along with senior product standards. Connecting different standards among national, industrial, local and in-house level, the whole system is aimed to be comprehensive, focused and reasonably structured.

The Guiding Opinions includes five tasks: speeding up the improvement of senior care standard system, strengthening the research on senior care standardization, deepening the implementation of senior care standardization, promoting the senior care management standardization and regulating senior care market order. We believe the market will be further improved after the Guiding Opinion has been issued. Especially on the sector of senior care service, facility operators will face more severe requirements to meet with after relevant fields being standardized. It will be chance, as well as challenge to the senior care industry. ■

Industrial Analysis

Further Opening of the Private Capitals on Medical Institutions

By Michael Qu



Recently, the National Health and Family Planning Commission and the State Traditional Chinese Medicine Bureau jointly issued *Several Opinions on Speeding up the Development of Private Medical Institutions* (hereinafter refer to "H&F Commission Opinions"), which is a catalytic for private capitals into the medical and healthcare industry. It is another detailed regulation promulgated by the Chinese Authority, following last year's *Several Opinions of State Council on Promoting the Development of Health Care Industry* (Guo Fa [2013] No.40, hereinafter refer to "State Council's Opinions"). The core contents of these two Opinions are to encourage private capitals to participate in the investment and construction of health care business (especially in the medical service industry). It is the aim of the government to form a market with diversified participants with not-for-profit medical institutions as the main part and for-profit medical institutions as the supplemental part, while public medical institutions as the dominant part and non-public medical institutions as co-develop part. Driven by a series of incentive policies, we recently find stocks in the capital market with related to medical and healthcare service are actively pursued by investors. In light of this, we try to analyze in this article the recent policies and industrial trend to help private investors to understand whether the medical service industry is a "honey cake" or "just looks beautiful".

Contents of Further Opening Policies

H&F Committee Opinions mention that "it will further broaden the scope of setting up wholly-foreign owned hospitals; service providers from Hong Kong, Macao and Taiwan are permitted to set up wholly-foreign owned hospitals in the cities at provincial levels of China; other qualified overseas capitals are only permitted to set up wholly-foreign owned hospitals in some special areas such as China (Shanghai) Free Trading Zone ("FTZ"); meanwhile, according to the gradually opening up and risk controlling principle, the requirement on the minimum proportion of overseas capital shares in Sino-Foreign Equity and/or Cooperative Joint Venture Medical Institutions will also be relaxed. Although the opening up speed of foreign investment on medical institutions are not as quick as public expect, and in most of the cities, the threshold of at least 30% of domestic share is still not broken for most of the foreign capitals, the wholly-foreign owned medical institutions are no longer impossible for investors from Hong Kong, Macao, Taiwan, or those within Shanghai FTZ. Furthermore, it is worth noting that when it comes to the definition of "qualified overseas investors", CEPA provides that the investors shall have at least 3 years' substantial

Michael Qu Qin is the managing partner of Law View Partners based in Shanghai, China, where his legal practices cover the areas of real estate, foreign investment and mergers and acquisitions. He has extensive experience as a lawyer for over ten years. Since 2010, he has specialized in the senior housing industry, representing foreign and domestic investors in the sector. In his practice, Michael has successfully represented investors in the real estate, senior housing, asset management, retail and hospitality sectors in dealing with commercial transactions and disputes.

Michael is active in the senior care industry, and he regularly publishes the China Senior Housing and Care Newsletter, a legal publication that provides valuable insight into the development of the China senior housing and care industry and helps investors doing business in China. He is a frequent speaker at real estate and senior care seminars.

Law View Partners is a boutique law firm that specialized in helping foreign investors doing business in China. One of the firm's focuses and strength is assisting private investment in the senior care industry, providing counsel regarding company and capital formation, project development and acquisitions, regulatory issues on operation, corporate finance, and related issues.

Contact information:

gugin@lawviewer.com

operational experience, and the regulation of FTZ requires the foreign investors to have more than 5 years experience of direct operation or management of medical institutions. Therefore, we advice investors to be aware that NOT every investor from Hong Kong, Macao, Taiwan, or foreign investors within Shanghai FTZ is permissible to set up wholly-foreign owned medical institutions.

Except for direct investment on the medical institutions, according to relevant policies, Chinese government will also support and select private capitals with good reputation and strong management competences at the first priority to participate in the reform and restructuring of public hospitals (including state-owned hospitals) through diversified approaches. In fact, the restructuring and reform of public hospitals has already started several years ago. However, it is not that easy for private capitals to enter into this area, given the existence of systematic obstacles yet to be overcome (e.g. the different attitudes of local authorities in dealing with the registration process of changing the business nature of institutions or private non-enterprise to for-profit enterprises), and other challenges in respect to, for example, the hospital managing models and human resource issues. Nevertheless we believe there will be more and more private capitals willing to participate in the reform of medical institutions through all kinds of mechanisms, i.e. joint venture, merger, management entrustment, among others, after the new policy being implemented. Meanwhile, it is worth noticing that the Ministry of Civil Affairs has launched trials on the reform of public senior care institution since this year. The reforms between medical institutions and senior care institutions are very similar to a great extent, and therefore the experience of the reform on medical institution could be a valuable learning course for that of the senior care institutions.

Impacts to the Senior Care Industry

“Combination of medication and senior care” is always pursued by many project developers as they position their products. Relationships between medication and senior care is imperative to each other not only due to its relevance and importance to senior consumers as their nature needs grow over time, but also to the industrial investors, who could reasonably allocate the resource of medical service and senior care to enhance their technical and profitable competence in whole.

We notice the wordings in the foresaid two Opinions of “encouraging the medical institutions to extend the care service to residential homes”, “establishing collaborative mechanism and also encouraging to build green channel of doctor appointment between medical institutions and senior care facilities”, and “encouraging private capitals to directly invest in medical institutions, such as rehabilitation hospital, geriatric hospital, nursing home, hospice facility, etc., to satisfy various demands; encouraging private capitals to invest in high-end and large scale medical institutions or hospital conglomerates”. Back to the senior care market, we find some medical institutions have already expanded their services to home care sector, such as US brand United Family Hospital; and some senior care operators already have the intention to invest in medical institution in China, i.e. US brand Cascade Health Care. Nowadays it is popular that the developers build rehabilitation hospitals and senior care facilities as the infrastructure of senior care community to satisfy the demands of neighborhood seniors.

Undoubtedly, all these policies are good news to consumers, however we shall question whether it will bring negative impacts on the senior care service providers in hindering themselves from identifying its genuine function, service scopes and market positions. Is it on the right track if people rely so excessive on the medical institutions to serve the senior care functions? Or, is it a waste of resource if medical institutions are over constructed but are operated in lack of effective management? “Reasonable planning” looks very simple, but presents a great challenge for the government to plan and guide in a right way. ■

Guest Column

Roadblocks and alternative paths to a healthy senior housing market

By **Ken Y. Chen and Helen Chen**

Many of us have seen the superlatives touting the great potential of China's senior care and senior housing market: the huge elderly population, increased incomes, and that foreign and domestic investors salivating at the promise of serving this huge market. Some have acted, investing large amounts to build housing targeted at seniors, forming companies to provide services, and setting up JVs with funds or insurance companies to hunt for opportunities.

Behind this buzz though is a lack of real success stories, especially in senior housing. Cherish-Yearn in Shanghai is so often bandied about as the example to look to that one starts to wonder whether it's the only project out there. In fact it's not, but many are still in the start-up stages or have met with mixed success.

Thus, we would like to examine two reasons that the senior housing market is not as developed as it could be.

On-trend in every way

Before that though, it is worthwhile to review why people are so enthusiastic about the senior housing market potential. China is already home to over 167 million people over the age of 60, more than the total population of Germany and France combined. And this segment of China's population is only increasing, expected to rise by another eight million a year over the next five years.

The speed of aging in China is unique, considered one of the fastest growing in the world thanks to a rapidly falling mortality rate coupled with a low birth rate—a result of the country's infamous one-child policy. This aging citizenry has led to a '4-2-1 paradigm', where a growing number of couples are responsible for just one child but four parents. As a result, nearly half of the country's elderly population lives alone.

With an increasing level of household wealth, it is projected that over one fifth of China's senior population will be able to afford high-end senior housing and care by 2020, establishing this as a truly lucrative market segment. Based on L.E.K. analysis, Shanghai in particular appears to face a supply gap when it comes to high-end eldercare institutions.

The government is also encouraging this market to develop. After the policies encouraging this sector were passed during the 18th National People's Congress in 2013, recent developments at the provincial level NPC and CPPCC which just wrapped up also bode favorably, with most provinces detailing out specifics of how they will encourage the market.

Against this tailwind, however, are two fundamental issues hampering the full development of a robust senior housing market in China.

Ramp up in real estate prices

First is the state of the real estate industry. Despite prices reaching stratospheric levels and government attempts to cool them down, housing prices continue to reach new heights, especially in first-tier cities. Prices in Shanghai have increased at an average of nearly 10% each year over the last decade. Just using averages, the typical home in Shanghai costs a family 20 times their annual income, versus 3-4 times in the United States. However to many families, owning a home is a necessity (for marrying off a son, for security, etc.) rather than strictly a utilitarian good that can be weighed against renting.

Against this backdrop, developers are able to sell what inventory they have easily at an ever-rising price. The need to differentiate and appeal to niche demand, such as senior housing, is diminished. In fact, the competitive edge for developers is as much in getting access to land as it is in developing a distinctive property, if not more. This is especially true in situations where land is not sold through an open auction process. In these situations,

developers sometimes try to differentiate themselves by promising sellers of land (who are for the large part local governments) that they will develop the land into something the state is encouraging, such as senior housing. However, there is currently a lack of overall accountability for what promises have been made, and no standards against which to hold the developers. Thus developers are in essence building conventional residential buildings with minimal “senior housing” features. They may be marketed as senior housing, but with such minimal features this perpetuates the impression to consumers that all senior housing is undistinguished.

Consumer bias towards ownership

The second obstacle has to do with the consumer himself. Chinese consumers have a bias towards ownership. There may be many reasons for this, cultural as well as economic. As alluded to above many brides’ families will demand that their daughter and future son-in-law have a home to call their own before agreeing to the match. It’s oftentimes not a burden solely placed on the groom’s family, as the bride’s family will often chip in with the down payment as well. In many cities, the annual rental cost may only be 2% or even 1.5% of the purchase price of the same home, but people still opt for the seemingly economically illogical choice of buying. A related tendency is fee aversion. There are many stories of people who own multi-million dollar apartments who refuse to pay monthly maintenance fees until legal action is threatened. A common explanation is that the owners feel that they own the property already and should not have to pay any additional fees for services.

Both of these consumer preferences hinder the development of senior housing that provides adequate services. Senior housing is not just providing a customized box in the form of an apartment, but should also include services ranging from the simple such as administering medication to the complex such as changing colostomy bags to the social such as organizing activities. In China, L.E.K. research also shows that nutritious meals are also high on the list of requirements. Of course, not every resident will require or want the same set of services either. This flexible range of services lends itself more suitable to a rental as well as a fee-for-service business model. However operators are finding consumers resistant to this model for the reasons stated above.

Thus from both a supply and a demand point of view, the status quo does not favor the development of a senior housing market. Is there a way to break through this logjam? While we do not claim to have a definite answer, we believe some solutions are more likely to occur than others.

Alternatives to break the logjam

Some industry participants are discussing using financial engineering to give developers, operators, and consumers what they want. Specifically, if the price of an annuity were to be built into the price of a senior apartment, then after the developer gets his capital out, the operator can rely on the income stream from the annuity to fund ongoing services, and the consumer both owns the property and doesn’t have to monthly service fees either. Win-win-win.

This might be a creative solution, but L.E.K.’s view is that the real solution will be more evolutionary and prosaic. Our view is that rather than a sudden change in consumer or developer behavior spurred on by a deus ex-machina financial instrument, it will be gradual shifts in the market and consumer that lead to faster development of the senior housing market. It is likely that housing markets will begin to cool, in select cities first, which will lead to more rational consumption and higher standards demanded by homebuyers, as well as real efforts from developers to innovate, including by partnering with operators to provide quality senior services. Consumers will also evolve: when the generation of Chinese currently in their forties and fifties who have worked in its modern economy and have enjoyed material prosperity begin to retire in a decade or so, our bet is that they will be much more open to paying a reasonable monthly fee to continue to be taken care of. ■

L.E.K. Consulting is a global management consulting firm that uses deep industry expertise and analytical rigor to help clients solve their most critical business problems. Founded more than 30 years ago, L.E.K. employs more than 1,000 professionals in 22 offices across Europe, the Americas and Asia-Pacific. L.E.K. has been on the ground serving clients in China since 1998.

L.E.K. advises and supports global companies that are leaders in their industries – including the largest private and public sector organizations, private equity firms and emerging entrepreneurial businesses. L.E.K. helps business leaders consistently make better decisions, deliver improved business performance and create greater shareholder returns. For more information, please contact the authors at LEKChina@lek.com or go to www.lek.com.

Ken Y. Chen is a director and partner at L.E.K. Consulting in Shanghai; he leads the private equity and consumer practices in China for L.E.K.

Helen Chen is a director and partner and head of L.E.K.’s China life sciences practice based in Shanghai.



Is Close Care the future for CERC's?

—Could there be a “made in China” variant? (part II)

By *Martin Habell* Dip Arch ATP RIBA FRSPH

The economics of Close Care

If one examines the cost of nursing homes one sees that all residents pay a set fee for most of the services and space in care whether they want them or not. This is expensive and the fees in the UK are rising faster than inflation. This is largely the result of ever rising skilled labor costs.

Clearly a care solution that removes the rental costs of much of the accommodation (that is the “hotel” costs) and reduces care costs to simply what one uses, when one uses it, would have a radical effect on costs for the consumer.

It is no comfort to see the fees mop up all the savings and residents and families embark on a race between end of life and the money running out. It is an unsaid truism, but nonetheless pertinent, that however much children love their parents they are uneasy seeing their inheritance disappearing! (and the old person is unhappy as well). We are what we were and what we leave behind.

We see a different solution: If you buy your own home within a complex then you continue to benefit from property inflation. You and the family are reassured that the inheritance is intact. The remorseless march of industrialization has divorced young in jobs from the old. But independent care costs are rising fast and mechanisms allowing the family to work and still help the elderly are needed to defray costs.

In Close Care earnings per acre are high. The developer finds that he is able to persuade the permitting or planning authorities that Close Care is a low impact sustainable solution. He is allowed a far higher density of dwellings than normal, and achieves a higher residential property return which can be phased.

More to the point, in the UK, Close Care achieves at least 30% more sales return for a dwelling than normal

housing, due to specialist premium value. Given the higher densities and the acceptance of such densities as being apart of the package, there is a more than doubling or even trebling of return on the land.

Turnover of dwellings can be every 10 years and it is common for the developer, through his service company, to take a percentage of resales, for example 10%. It is attractive therefore to achieve enhanced sales revenue and to have a consistent additional 10% (for example) for every unit decade. There are many financial models, with buy back guarantees, care service ladders etc.

We see the financial markets moving steadily into this sector as the burgeoning elderly market is noticed and molding financial products to elderly care needs.

A new direction

I argue that we have to turn the model inside out and upside down!

We have in effect not only upended the command line to give elderly residents control, but we have reversed the trend in size and say small is beautiful, is more profitable and better able to be achieved in the locations of highest demand and highest earnings. Finally I am saying that it is possible to bring this concept into the cities invisibly.

The future

Hub and satellites

We have of late developed Close Care further to tackle urban problems of ageing. It was apparent that it was easy to build land-hungry CCRC's out in the countryside on virgin land, but this added to the uphill sales task and was essentially seen as exporting the old out of the way. The business model falters as the pursuit of size to lower overheads backfires as the early occupants age.

Having made nursing homes invisible we moved on to make Close Care invisible and wove it into the fabric of a city on small sites. While a complete Close Care establishment can be 100 or 200 dwellings the alternative is a 70 home core or hub facility and enclaves working as satellites at as low as 15 dwellings. This is a model that can continuously grow and can number thousands, selling services off its back to existing homes in the community. An alternative is to incorporate the concept into tower living among thousands of general residents.

We have built hub and satellite models where we use small patches of land for clusters of dwellings linked to a main resource centre. These Centres can be quite sophisticated, having respite accommodation, high supervision post operative beds, convalescence, rehabilitation and training as well as day centre and outreach facilities that project the resource into the community beyond. This latter feature is important as it acts as a leader of future sales to people familiar to the product.

Training is a two-fold aspect. With the growth of the elderly population outpacing the supply of properly qualified carers each centre must become its own generator of skills to feed out to new centres. We see these as schools for the elderly, where they learn new skills to live a fulfilling and productive life in spite of frailty and disability.

Dementia care

It is a world problem and it is largely the result of improved medicine. Life span has lengthened to such a degree that people have much more opportunity to develop dementia. The incidence of dementia doubles every 5 years up to the age of 85. Yet the increase in dementia presents problems for CCRC's as often the social behavior consequences and disturbance by sufferers alienates other residents.



Martin Habell
Dip Arch ATP RIBA
FRSPH

Martin Habell is a leading expert on health and care environments and a pioneer of new types of CCRC's.

A professional architect, he has designed and built schemes around the world. Alongside his architectural and project management practice, Maybourne Projects, he also acts as advisor to health care groups and the British Government on new types of elderly care and special facilities for dementia.

In recent years he has developed the Close Care concept for both State and Private sectors in the UK and elsewhere in Europe. He has also produced specialist elderly care facilities, particularly for severe dementia, where the environment is a tool for care.

Contact the Author:

habellmartin@aol.com
and
maybournerich@aol.com

Dementia is a growing problem in China of which the authorities are well aware. 10 million Chinese are affected by the disease. To date and for the foreseeable future there is no effective medication in the world, and none in the pipeline, so care solutions have to be the way forward.

Joint research by 6 Chinese Universities has demonstrated that the dementia problem is emerging fast in urban areas. Dr. Ruoling Chen is quoted in the British Journal of Psychiatry saying: "China has the most dementia sufferers of any country...mental health services need to be prioritized as economic development extends through China". It is generally felt that while dementia care needs to date have been met by families and enforced by the Elderly Rights and Protection Law of 1996, urbanization, improved detection and better medical services are uncovering rising needs for more care and support in urban areas. It is believed Central Government's recently amended version of the 1996 Law will spark new social care initiatives.

In this context the solutions discussed here may be applicable to State, Private and Joint programmers.

It has not been generally realised that dementia is a range of different diseases. All have their own symptoms and many share each other's. This is an epidemic, worldwide and its acceleration is illustrated by the UK where the current 700,000 sufferers for a population of 65 million will rise to 1 million by 2025. This requires a vast programme of building because of the special needs of dementia. With modern design and Smart House technology we can now use Close Care concepts to house dementia sufferers.

So is old age changing?

Yes it is and the market must follow. Older readers may recall the western predictions of 50 years ago that post-work age would be a golden era of retirement characterized by extended leisure opportunity. CCRC's appeared and reflected this idea.

However our ideas have matured and there is a realization that while we may spend more years as "seniors", we will spend a huge proportion of those years as somewhat sick, disabled or simply falling apart physically and mentally. We rely on modern medicine to keep us going. A couple of generations ago you were dead. Now we as a world population are beginning to see work manifest itself differently through life stages and non-working, working and rest being interlocking concepts. Living and partly working even with diseases held at bay such as cancer, is perfectly possible propped up with the right therapies. We are also, in developing Close Care, suggesting that education appears throughout life and in old age is used to improve how you cope. You might say it is *Back to School at 80!*

A relevance to China

Each society has to evolve home-grown elderly care solutions and while the starting point might be an imported model, a tuning of the concept is inevitable. A fast ageing population such as in China, means a burgeoning market for elderly products whether buildings, medicine, treatments, appliances or financial packages. The one thing frail elderly need however is physical assistance and that means carers. Yet by definition, carers are going to be in increasingly short supply.

Two particular phenomenons bring Close Care to the fore in China: the huge growth of dementia and diabetic need. I have touched on dementia but diabetes is well worth mentioning: Type 2 diabetes requires very careful monitoring, diet control and medication. There is an inexorable physical process that affects sight, liver, kidneys and can lead to amputations. This is exactly what Close Care is ideally suited to handle.

We argue now in the UK that employment in the care industry is an economic benefit, because as the elderly get more numerous more and more flexible jobs at high and low skills are created. In a 24 hour care business 3 shifts a day produce high and flexible employment recirculating state and private money.

It also offers opportunity to develop financial services tailored to senior wealth: methods for unwinding equity in homes and paying for care. Technology too is leaping to produce impressive health monitoring aids and this will become all pervasive.

A healthy suspicion of service charges and residents' wish to control things themselves make the economies of Close Care living a good fit to the Chinese psyche. In many ways this is the fundamental benefit of ageing in the Close Care model. We are giving back control to residents, and removing the specter of rising and unaffordable elderly care costs. This offers fresh impetus as a CCRC variation. In a nation where urbanization proceeds at such an energetic pace there may well be relevance in harnessing the Close Care model to solve the problems of ageing in the dense urban environment. ■

If you want to know more about our newsletter, please contact:

Michael Qu Qin **Managing Partner, Law View Partners**

Tel: **86-21-63770228*802**

86-13817878607

E-mail: [**quqin@lawviewer.com**](mailto:quqin@lawviewer.com)

Law View Partners is a boutique law firm in China that specializes in providing services to foreign investors and companies in high-growth sectors. The firm's resources and services span foreign investment and trade, M&A and finance, construction and real estate, corporate compliance, as well as market-leading experience advising clients in corporate transactional advice, intellectual property and commercial litigation. The Firm's strengths are in the fields of senior housing and healthcare; hotel and retail real estate; corporate compliance; and merger and acquisition.

Having represented international companies in their investment in the Chinese senior living market, our clients can benefit from our deep industry knowledge and experience, and from our creative, solution-oriented and responsive approach. Especially we can assist senior care investors and developers with the following issues:

- Advice on structuring business models
- Conduct legal due diligence on project acquisition
- Business incorporation and licensing and negotiate with joint venture partner
- Draft and standardize documents on (i) construction, operation and business transaction; (ii) third-party agreements and vendor's contracts; (iii) policies and procedure for residency
- Advice on finance, tax and government relation
- Deal with issues on intellectual property, licensing, general liabilities and employment.