

# **China Contract Research Organization (CRO) Industry Report, 2012-2013**

**Feb. 2013**

## STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## REPORT OBJECTIVES

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications.

Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## INFORMATION SOURCES

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

## Abstract

Compared to Europe and America, China developed pharmaceutical CRO industry 40 years later, with domestic industrial players amounting to over 500, most of which are SMEs. In general, Chinese CRO market scale occupies only 7%-10% of the world's total, and in 2011-2012 the CRO market size of China approximated RMB22-28 billion.

Considering huge potentials of Chinese pharmaceutical market, intensive talent resource, relatively low cost and rich spectrum of diseases, foreign enterprises are accelerating to expand CRO market there. Presently, world-renowned CRO companies including Quintiles, Covance, PPD, CRL and ICON have set foot in China by building new establishments and M&As. In China, homegrown leaders cover WuXi AppTec Co., Ltd., Shanghai-headquartered ShangPharma Corporation, and Hangzhou Tigermed Consulting, with the respective revenue in Jan.-Sep., 2012 hitting USD374 million, USD94.47 million and USD29.84 million, the combined proportion of 14% in China CRO market.

In an aim to realize resource sharing and improve overall competitiveness, some domestic pharmaceutical CRO enterprises seek joint development by setting up alliance. A case in point is ABO, which was established in 2005 merging nine research institutes including

Academy of Military Medical Sciences, National Institutes for Food and Drug Control, and National Center of Biomedical Analysis, gathering three national engineering centers and seven national engineering technology centers, with sharable hi-tech resources valuing RMB1 billion. In 2012, ABO had 38 corporate members (including Sino Biological Inc. and Pharmaron), with the total area newly increasing by 40,000 sq meters to 270,000 sq meters or more and the total revenue growing by 28.6% year-on-year to over RMB1.8 billion which accounted for 6.4% in Beijing biomedical R&D service industry. And the revenue generated by international orders rose by 14.7% YoY to RMB780 million.

In Jan. 2013, JOINN Laboratories (Beijing), a member of ABO, took over the San Francisco-based R&D and production bases of Bayer, opening a new chapter for Chinese biomedical enterprises' acquisition of worldwide R&D bases transnational businesses in overseas countries. And JOINN Laboratories is scheduled to lavish USD100 million to set up a 300-mu (1mu=666.7sq meters) US-based Join Innovation Park, in an attempt to provide business incubator, technical support, international cooperation and other services for small-and medium-sized biomedical innovative enterprises in Silicon Valley and China.

**The report highlights the followings:**

- international market, domestic macro- environment and polices, laws and regulations of China CRO industry;
- status quo, market scale, competition pattern and development prediction of China CRO industry;
- Operation, CRO business and development dynamics in China of six foreign and five domestic industrial players.

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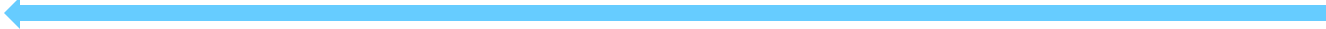
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