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

The Chinese pharmaceutical distribution market has developed steadily but at a slower rate in recent years. The industry rose by 10.4% year on year to RMB1.8393 trillion in 2016 and is expected to hit RMB2.9784 trillion in 2021 at a growth rate of 10% over the next five years driven by favorable policies and downstream demand.

Western medicine sales dominate the Chinese pharmaceutical distribution market, accounting for 74.4% in 2016; East China and Central South China hold relatively higher percentages, up to 61.1% together in 2016.

The country has developed a competitive landscape where there are national pharmaceutical distributors represented by China National Pharmaceutical Group Corporation (Sinopharm), China Resources Pharmaceutical Commercial Group, Shanghai Pharmaceuticals and Jointown Pharmaceutical Group and regional ones represented by NanJing Pharmaceutical, Guangzhou Pharmaceuticals, Chongqing Pharmaceutical, Huadong Medicine, Sichuan Kelun, Zhejiang Int'l, Realcan Pharmaceutical, Guangxi Liuzhou Pharmaceutical Co., Ltd. and Luyan Pharma Co., Ltd. which compete with each other.

By the end of Nov 2016, there were 12,975 pharmaceutical wholesalers nationwide which competed fiercely in a lowly concentrated market. Top3 champions seized only a combined 28.7% share of the market in 2016.

As medical reform policies are implemented and consolidation in pharmaceutical wholesale industry accelerates, the Chinese pharmaceutical distribution market will show trends as follows: 1) pharmaceutical E-commerce will become an important model; 2) pharmaceutical supply chain management will be upgraded; 3) capital market will play a bigger role in integration of enterprises; 4) cross-border integration of pharmaceuticals and E-commerce will continue; 5) stiffer competition will improve market concentration; 6) Wholesale-retail integration will spur industry consolidation.

China Pharmaceutical Distribution Industry Report, 2017-2021 highlights the following:
◆ Pharmaceutical distribution industry in China (development environment, status quo, market size/structure, competitive landscape, development trends, etc.);
◆ Chinese pharmaceutical retail market (market size, quantity, top100 pharmacy chains, online pharmacy, independent pharmacy, etc.);
◆ 15 Chinese pharmaceutical distributors (profile, operation, revenue structure, gross margin, development prospects, etc.)
## Top 20 Chinese Pharmaceutical Distributors by Operating Revenue, 2016

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<th>Enterprise</th>
<th>Operating Revenue (RMB mln)</th>
<th>Share</th>
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<tr>
<td>1</td>
<td>China National Pharmaceutical Group Corp.</td>
<td>298,809.8</td>
<td>16.2%</td>
</tr>
<tr>
<td>2</td>
<td>China Resources Pharmaceutical Commercial Group Co., Ltd.</td>
<td>114,593.4</td>
<td>6.2%</td>
</tr>
<tr>
<td>3</td>
<td>Shanghai Pharmaceuticals Holding Co., Ltd.</td>
<td>113,771.0</td>
<td>6.2%</td>
</tr>
<tr>
<td>4</td>
<td>Jointown Pharmaceutical Group Co., Ltd.</td>
<td>61,558.8</td>
<td>3.3%</td>
</tr>
<tr>
<td>5</td>
<td>Guangzhou Pharmaceuticals Corporation</td>
<td>36,285.0</td>
<td>2.0%</td>
</tr>
<tr>
<td>6</td>
<td>Nanjing Pharmaceutical Company Limited</td>
<td>26,624.4</td>
<td>1.4%</td>
</tr>
<tr>
<td>7</td>
<td>China Meheco Co., Ltd.</td>
<td>25,740.0</td>
<td>1.4%</td>
</tr>
<tr>
<td>8</td>
<td>Cardinal Health (H.K.) Co., Limited</td>
<td>25,402.9</td>
<td>1.4%</td>
</tr>
<tr>
<td>9</td>
<td>Huadong Medicine Co., Ltd.</td>
<td>25,379.7</td>
<td>1.4%</td>
</tr>
<tr>
<td>10</td>
<td>Anhui Huayuan Pharmaceutical Co., Ltd.</td>
<td>20,960.0</td>
<td>1.1%</td>
</tr>
<tr>
<td>11</td>
<td>Chongqing Pharmaceutical (Group) Co., Ltd.</td>
<td>20,416.2</td>
<td>1.1%</td>
</tr>
<tr>
<td>12</td>
<td>Zhejiang Int'l Group Co., Ltd.</td>
<td>17,220.9</td>
<td>0.9%</td>
</tr>
<tr>
<td>13</td>
<td>Sichuan Kelun Pharmaceuticals Trading Co., Ltd.</td>
<td>15,817.9</td>
<td>0.9%</td>
</tr>
<tr>
<td>14</td>
<td>Realcan Pharmaceutical Co., Ltd.</td>
<td>15,629.9</td>
<td>0.8%</td>
</tr>
<tr>
<td>15</td>
<td>Yunnan Pharmaceutical Co., Ltd.</td>
<td>13,490.0</td>
<td>0.7%</td>
</tr>
<tr>
<td>16</td>
<td>Tianjin Tasly Medicine Distribution Group Co., Ltd.</td>
<td>13,489.3</td>
<td>0.7%</td>
</tr>
<tr>
<td>17</td>
<td>Shandong Neptune Galaxy Medicine Co., Ltd.</td>
<td>11,282.1</td>
<td>0.6%</td>
</tr>
<tr>
<td>18</td>
<td>Cachet Pharmaceutical Co., Ltd.</td>
<td>10,504.0</td>
<td>0.6%</td>
</tr>
<tr>
<td>19</td>
<td>Minsheng Pharmaceutical Group Co., Ltd.</td>
<td>10,803.6</td>
<td>0.6%</td>
</tr>
<tr>
<td>20</td>
<td>China Beijing Tong Ren Tang (Group) Co., Ltd.</td>
<td>9,899.3</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>888,076.2</strong></td>
<td><strong>48.3%</strong></td>
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Source: Ministry of Commerce, P.R.C., ResearchInChina
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