

ASIA IS A BUSINESS IMPERATIVE... NOW MORE THAN EVER

ASIAN HEALTH NEWSLETTER

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A bimonthly newsletter of developments in the pharmaceutical, hospital and medical device markets

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CHINA/HK

Guangzhou Institute for the Prevention of Special Diseases and **Changsha Taibao Pharmaceutical Co Ltd** have formed a JV with two Hong Kong-based pharmaceutical companies to develop new drugs to treat hepatitis B and C. With an initial investment of US\$200m, the JV is expected to generate US\$60m revenues per year. (December 24, 1999)

Merck Sharp & Dohme (MSD) of Australia, a subsidiary of US-based **Merck & Co Inc**, and the **Chinese Society of Respiratory Diseases** have set up a research fund to support basic and clinical research on emphysema in China. MSD will contribute US\$36,000 to the fund, from which researchers will receive grants. (January 10, 2000)

Shanghai Cell Biological Research Institute of the **China Science Academy** and **Jiangsu Yueda Shareholding Co Ltd** have agreed to jointly research bio-pharmaceutical products. Under the agreement, the companies will invest RMB1bn (US\$121m) in the next 15 years to set up a bio-pharmaceutical research center and to develop anti-tumor and bio-pharmaceutical products. (January 1, 2000)

Shenzhen Wanhe Pharmaceutical Co Ltd of China has reached an agreement with **Hoechst Marion Roussel (HMR)** of India to assist Shenzhen Wanhe to expand in South East Asia. Under the agreement, Shenzhen Wanhe will introduce micro-sphere production lines using HMR's technology, and HMR will help Shenzhen Wanhe to grow in Burma, the Philippines, Thailand and Vietnam. Shenzhen Wanhe

INTRODUCTION

We hope that you find the *Asian Health Newsletter* informative. In this issue we profile several healthcare portals in Hong Kong and Singapore.

BDA is a corporate finance advisory firm which helps multinational clients to identify and to execute acquisitions and JVs in Asia. We focus on the healthcare sector and are well placed to help Western companies structure mutually beneficial transactions with local partners.

If you think that BDA's services may be useful to you, please contact us in New York on (212) 265-5300 or in Singapore on (65) 533-8500.

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Senior Associate

is a JV between **Hong Kong Wanhe International (China) Co Ltd** and **China Pharmaceutical Industrial Corporation**. (January 26, 2000)

Sino-American Tianjin SmithKline & French Laboratories Ltd (SK&F), a subsidiary of SmithKline Beecham of the UK, plans to invest US\$24m to develop its products, *Zentel*, *Contac* and *Fenbid*, in capsule, tablet and cream forms. The products, which are household names in China, may help SK&F to become a market leader for OTC drugs in China. (January 26, 2000)

Tung Fong Hung (Holdings) Ltd, the HK-based traditional Chinese medicine (TCM) and health food supplier, has launched **altermedic.com**, an alternative medicine portal. The website provides a mixture of both TCM and modern medical services including information on traditional therapies, herbal products, and general health and beauty advice. Altermedic.com is currently only available in the Chinese language, but English and Japanese language versions will be added in the future. (January 26, 2000)

Xian Gaoke (Group) Co of the **Shaanxi Pharmaceutical General Co** has formed a JV, **Xian Debao Medicinal Packaging Co Ltd**, with **Shaanxi Hanjiang Pharmaceutical Co Ltd** of China and **Belgian TS Flanders Company** of Belgium. Total investment in the project was US\$15m. The JV medical packaging company will produce 145 million aluminum soft tubes per year. (December 24, 1999)

INDIA

Duphar-Interfran Ltd (DIL) of India has decided to spin off its pharmaceutical division into a new company, **Duphar Pharmaceuticals India Ltd**. **Solvay Pharmaceuticals** of Belgium will hold a 60.5% stake in the new company, while Vasant Kumar and family will raise their holdings in DIL to 60.5% from 21.7%. Solvay is planning to introduce four new drugs in three years through Duphar Pharma, with an expected turnover of Rs65 crores (US\$16m). (January 23, 2000)

Hartmann of Germany will enter an alliance with **Elder Pharmaceutical Ltd** of India to market its products in major Indian cities. Hartmann will target its marketing efforts to doctors, hospitals and nursing homes. The company is a market leader in Germany for incontinence products with 1999 sales of US\$1bn. (January 26, 2000)

Haw Par Healthcare of Singapore has begun the process of acquiring a 51% equity stake in **Elder Healthcare Ltd** of India, a subsidiary of **Elder Pharmaceuticals**. Elder Healthcare, a manufacturer of creams, ointments, balms and external liquids, is a licensee of Haw Par's Tiger brand products, including Tiger balm, Tiger oil and Tiger muscle rub. (February 9, 2000)

ICICI Venture Fund Company (IVC) of India will invest US\$4m to acquire an undisclosed minority stake in **Biocon India Group**. Biocon India will use the proceeds to expand its new, Bangalore-based plafactor and submerged fermentation plants, to produce enzymes and pharmaceutical bulk actives through fermentation. The company reported revenues of US\$1bn in 1999. (January 25, 2000)

Nicholas Piramal of India has bought the Indian rights to three brands of drugs from **Eli Lilly** of the US and one from **Ranbaxy Laboratories** of India. The brands were licensed to and marketed by **Eli Lilly Ranbaxy Ltd**, an equally owned JV between Eli Lilly and Ranbaxy. (December 28, 1999)

Orchid Chemicals and Pharmaceuticals Ltd of India has signed a memorandum of understanding with Mumbai-based **Ajanta Pharma Ltd** to purchase Ajanta Pharma's bulk drugs manufacturing plant, located in Aurangabad, India. Orchid will manufacture non-cephalosporin bulk drugs in the new plant. Ajanta Pharma plans to refocus on its core business, formulations. (January 5, 2000)

TATA Consultancy Services (TCS) of India has launched a new healthcare portal, **WebHealthCentre.com**, in association with **Web Health Systems Ltd** of India. TCS has designed, developed and maintained the not-for-profit site, while Web Health Systems has provided the conceptual and content aspects of the portal. The website offers

free online consultation by individual consultants, an online bookstore, a drug index and healthcare information. (January 27, 2000)

INDONESIA

An Indonesian Government policy limiting the sale of *Viagra*, an impotency drug produced by US-based **Pfizer**, has been revised. Under the old policy, a consumer of the drug would have to register with local health authorities and would only be prescribed 50mg or less. After the change, a patient is permitted to purchase 100mg of *Viagra* anonymously. As a result, sales of the medicine will increase to US\$7m in 2000, satisfying the demand of the 6m Indonesian men who suffer from impotency. (January 20, 2000)

JAPAN

UCB SA of Belgium has acquired the pharmaceutical division of **Fujirebio Inc**, a Tokyo-based diagnostics and pharmaceuticals company. After the spin off, Fujirebio's pharmaceutical business will be integrated with UCB's Japanese subsidiary, **UCB Japan**. Fujirebio has subsidiaries in the US and Taiwan. Its pharmaceutical division reported 1999 revenues of ¥6.44bn (US\$62m). (January 7, 2000)

Fujisawa Pharmaceutical Co, one of Japan's leading drug makers, has signed a collaborative research agreement with US biotechnology company, **Arena Pharmaceuticals Inc**, to develop drugs to treat neurodegenerative diseases such as Alzheimer's disease and strokes. The terms of the agreement were undisclosed. (January 31, 2000)

Haw Par Healthcare of Singapore has formed a JV with Japanese pharmaceutical company, **Ryukakusan Co**, to develop, manufacture and distribute health-related products in Japan. Haw Par, the producer of Tiger Balm medication, will hold a

60% stake in the JV, which will have initial paid-up capital of ¥10m (US\$0.9m). (January 20, 2000)

ID Biomedical Corp of the US signed a distribution agreement with Japan's **Mitsubishi Chemical Corp**, granting Mitsubishi Chemical the nonexclusive rights to market and to distribute ID Biomedical's *Velogene Rapid MRSA Identification Assay* and *Velogene Rapid VRE Identification Assay* in Japan. The companies have also finalized an agreement granting Mitsubishi a nonexclusive license to use ID Biomedicals' proprietary technology, *Cycling Probe Technology*, in Japan. Under the agreement, Mitsubishi will develop, manufacture and market tests for infectious diseases. (December 23, 1999)

Kirin Brewery Co of Japan has formed an alliance with US-based **Medarex Inc** to develop human antibody technologies that are used to formulate new medicines for the treatment of cancer and other diseases. The two companies will exchange licenses for in-house use of each other's technologies. Kirin will use Medarex's patent for the development of human antibodies, while Medarex will utilize Kirin's Transchromosomal Mouse. (January 12, 2000)

Kissei Pharmaceutical Co of Japan has formed an alliance with **Synaptic Pharmaceutical Corp** of the US to develop new drugs using genetic technology. Synaptic, a biotechnology company, develops a broad platform of technology used in human receptor-targeted drug design. It has also researched human G-protein-coupled receptors (GPCRs). The two companies will cooperate to research the functions of GPCRs in relation to kidneys and to research the development of drugs to treat illnesses in which such receptors play a role. (January 26, 2000)

Millennium Pharmaceuticals, Inc of the US has signed a letter of intent to license *LDP-977*, a treatment for chronic asthma, to Japan-based **Taisho Pharmaceutical Co Ltd**. Under the agreement, Taisho will have exclusive rights to market LDP-977 in Japan, Asia and Europe, while Millennium will retain the right to market the product in North America and the rest of the world. (January 7, 2000)

Nihon Schering KK, the Japanese unit of **Schering AG** of Germany, has signed a contract to acquire all

the shares of **Mitsui Pharmaceuticals Inc** of Japan for an undisclosed sum. (January 12, 2000)

Seiyu Ltd and **Seibu Department Store Ltd** of Japan plan to sell their subsidiary, **Asahi Medix Co**, to **Sumitomo Corporation**. Seiyu holds a 95% equity stake in Asahi Medix, while Seibu holds the remaining 5%. Asahi Medix operates 52 drugstores in Japan with annual sales of US\$202m. Following the purchase, Sumitomo will operate 77 drugstores through its trading company, **Sumisho Retail Stores Inc**. It aims to increase the number of its drugstores to 140 within two years, generating total sales of ¥40bn (US\$374m) within five years. (December 27, 1999)

Shionogi & Co of Japan will form an alliance with US-based biotechnology venture, **Quark Biotech Inc**, to develop drugs for treating osteoarthritis. Quark Biotech will manage research related to the gene that leads to the joint disorder, while Shionogi will develop and market the drugs. (January 26, 2000)

Taisho Pharmaceutical Co of Japan has signed an agreement with US-based **Vertex Pharmaceuticals Inc** for joint research, development and marketing of caspase inhibitors for treating cerebrovascular, cardiovascular and neurodegenerative diseases. Taisho will fund the research for the joint effort in exchange for the marketing rights to any compound discovered in Japan and East Asia. (December 21, 1999)

Yamanouchi Pharmaceutical Co of Japan has set up a subsidiary in the US to research and develop drug-making technologies that enhance drug effectiveness. The new subsidiary has a laboratory in California and a plant in Oklahoma. It plans to sell its processes to three US drug makers, including **Warner-Lambert Co**, and to receive royalties on the products sold by the three companies. (December 23, 1999)

KOREA

Axacom Pharmaceutical of Canada has obtained a license from Korea's **Ilyang Pharmaceutical Co**

to globally market Ilyang's new drug, *IY-81149*, except in China and Korea where Ilyang has retained the marketing rights. Under the licensing agreement, Axacom will pay US\$30m to Ilyang for contract fees as well as 10% in royalties on sales for 14 years, which is forecast to be US\$1.5bn. (December 24, 1999)

Daesang Corp of Korea plans to supply **Roche** of Switzerland *DSROI-01*, a key intermediate material used in the manufacture of a new arthritis drug. Roche is conducting the second stage of clinical tests in Europe for the drug, which is expected to be on the market by December 2001. (January 31, 2000)

LG Chemical, the largest pharmaceutical company in Korea, has constructed a W50bn (US\$44.5m) plant in Iksan City, to produce *Factive*, a broad-spectrum fluoroquinolone antibiotic. The product will be supplied exclusively to **SmithKline Beecham** of the UK. (January 25, 2000)

SINGAPORE

Biosensors International of Singapore has formed a JV with **Seksun Precision Engineering** to assemble blood pressure monitoring kits, heart-lung packs and heart-lung tubing. Seksun, a parts and components manufacturer for the peripherals and consumer electronics industry, will provide the production facilities and monitor the production process. (January 14, 2000)

OPSM Protector Ltd of Australia, a corrective eyewear retailer, has acquired Singapore-based **Vision Glass Eyecare (VGE)** for an undisclosed amount, to expand its existing optical operations in Asia. Following the acquisition, OPSM Protector will have 14 stores in Singapore in addition to its nearly 300 stores in Australia and New Zealand. VGE is an

To submit stories to future editions of the *Asian Health Newsletter* please contact Cynthia Ngai on (212)265-5300 or via email at cngai@bdallc.com.

optical retailing business with eight stores in Singapore. (January 12, 2000)

THAILAND

Aventis, the new company created by the merger of **Hoechst** of Germany and **RhonePoulenc** of France, plans to group its business in Thailand into two main sectors, pharmaceutical and agriculture products. The pharmaceutical unit will consist of **Aventis Pharma Ltd** and **Aventis Pasteur (Thailand)**, which will produce human vaccines against rabies, haemophilus influenzae type B, diphtheria, pertussis, tetanus, injectable poliomyelitis and strains of influenza. The company has a 4.4% market share and hopes to increase sales in Thailand by 15% in 2000. (January 13, 2000)

Bangkok General Hospital is finalizing a merger plan with two other hospital groups to form the largest privately owned hospital chain in Thailand. If the merger is successful, the combined entity will comprise 20 hospitals with 3,000 beds and assets of Bht10bn (US\$266m). (January 24, 2000)

FOCUS

Healthcare Portals in Hong Kong and Singapore

During 1999, numerous healthcare web portals have emerged in Asia. In addition to sites launched by American healthcare companies, new portals have been launched by companies backed by healthcare groups, and by local entrepreneurs that recognize the potential in the Asian market for healthcare over the Internet.

MNC activity in this industry includes the recent agreement between **Healtheon/WebMD** and

Softbank Publishing Inc to form a JV, **WebMD Japan KK**, to launch a portal site for medical information in Japan this year. **Healthway Communications International**, which disseminates medical information on the Internet, has also launched websites in Hong Kong and Singapore, and will launch portals for China and Taiwan. **LifeTech Enterprise** of the US and **The New World Group** of Hong Kong have formed a JV, **LifeTechUSA.com**. The portal focuses on traditional Chinese medicine, nutraceuticals and pharmaceuticals.

In addition to MNCs entering the market in Asia, there are many active local players. Hong Kong-based **Tung Fong Hung (Holdings) Ltd** has launched **altermedic.com**, an alternative medicine portal. **TATA Consultancy Services** of India and **Web Health Systems Ltd** collaborated to develop a patient-oriented healthcare portal **WebHealthCentre.com**. In this issue, we profile some of the significant local healthcare portals which have emerged in the last year in Hong Kong and Singapore .

ehealthcare.asia.com (Hong Kong)

Background - ehealthcare.asia.com was launched in October 1999, and is scheduled to be fully active in March 2000. The company is a subsidiary of the Hong Kong-based listed group **Quality HealthCare Asia (QHA)** which runs the largest private healthcare network in Hong Kong. ehealthcareasia.com has access to a network of over 200 medical centers, 300 doctors, and a client base of more than 300,000 employees in Hong Kong.

Target audience - the website was initially targeted at QHA's Hong Kong market. However it has been spun off as a separate entity from QHA in order to position the portal as a service provider to doctors and medical groups in other parts of Asia that are not part of the QHA network.

Products and services - ehealthcareasia.com provides products and services in medicine, dentistry, physiotherapy, nursing, elderly care, Chinese medicine and medical equipment. The portal will provide a range of healthcare information, services and products for consumers and professionals.

Consumers will be able to access QHA's private-sector network of medical and other healthcare centers, and professionals will be able to access medical databases, clinic management systems, online training, drug-ordering and laboratory reports.

Future plans - ehealthcareasia.com plans to expand the amount of community information, including links to hospitals, voluntary organizations and community groups. Portal content is developed in-house, as well as provided by **MediMedia**, a healthcare communications company that provides information for healthcare decision-makers, the pharmaceutical industry, healthcare providers and consumers.

ehealthcareasia.com also has plans to expand regionally into six other countries in Asia through country-specific sites this year and early 2001.

E-MedAsia.com (E-Med) (Hong Kong)

Background - E-Med launched the introductory phase of its health portal in December 1999. Both the consumer edition of the portal, as well as the content for regional professionals, are scheduled to launch by Q1 2000. E-Med's founders started building the site in December 1998.

Target audience - the site targets Hong Kong healthcare professionals. The company plans to launch its portal in Chinese and Japanese language editions, in addition to the original English version.

Products and services - the company focuses on providing content, consisting of more than 20 million pages of information on medical practice, papers, journals, drugs, pharmaceutical manufacturers and equipment. It also offers over 20,000 links to other medical sites and health statistics. The company aims to provide a web-based healthcare network that connects physicians, hospitals, pharmaceutical and medical supply companies, and the related industries and practitioners through the latest medical information and tools. Future additions to the site include language translation services and high-speed file transfer for medical images.

EzyHealth.com (Singapore)

Background - EzyHealth.com is Singapore's first vertical portal offering medical, health, fitness and beauty-related content. The site was launched in Q4 1999. The company had tied up with **Commerce Exchange** and **Corporation Computer** to offer e-commerce to the health and pharmaceutical sector. Commerce Exchange provides payment service for e-commerce, and Corporation Computer supplies health management software used by over 300 clinics in Singapore. Ezyhealth.com had also received S\$5m (US\$3m) investment from a group of listed companies from Singapore.

Target audience - the portal offers two distinct segments: the Public Net which is open to the general public and the Doctor's Net which is strictly for use by doctors. Ezyhealth.com aims to capture a large portion of the private doctors market by offering a free Internet and e-commerce enabled computer with its clinic management system to participating doctors. The company reports that at least 50% of private medical practices in Singapore have registered with them.

Products and services - EzyHealth.com allows members of the Public Net to interact with professionals in the Doctor's Net via web-based email and public message boards. Both consumers and healthcare professionals can also purchase non-prescription drugs and medicine online.

The Doctor's Net had been designed with a complete online management suite that allows medical professionals to work, conduct e-commerce with suppliers of pharmaceutical products, archive and exchange emails and information with their other doctors and suppliers in a private and secure environment. In addition, they can also trade at MediPro, Asia's only trading hub for medical professionals that is operational.

Future plans - EzyHealth.com aims to launch similar health portals catering to healthcare consumers and doctors in Malaysia and Hong Kong by mid-2000.

HealthWho.com (Singapore)

Background - HealthWho.com is a JV between **AsiaMedic** (60%) and Internet services company **ASPOne Pte Ltd** (40%) in Singapore. AsiaMedic is a publicly listed healthcare group that runs a specialist medical center.

Target audience - While the site is oriented towards the general public, it primarily aims to link 2,500 doctors in private practice in Singapore to HealthWho.com, through its own in-house Clinic Management System (CMS 2000).

Products and services - HealthWho.com provides internet-based healthcare e-commerce, information and communications services to members of the public.

It is also offering CMS 2000 for free to private doctors to encourage them to participate its network.

AsiaMedic charges for physical installation of software at the clinic, testing, training of clinic staff on its use, and maintenance. CMS 2000 assists doctors in carrying out various administrative and managerial activities. Through the system, participating clinics can also be linked to HealthWho.com's information resources and network to other medical institutions and pharmaceutical companies. The site allows doctors to make electronic claims to insurance and managed care centers and will also have access to other health information. However, patients' medical records remain in the clinic and are not placed on the net.

Future plans - AsiaMedic is sending its staff to visit all 2,500 doctors in private practice to offer them the CMS 2000 package and is looking to sign up at least 200 to 300 doctors in its first year.

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ABOUT BDA

Business Development Asia is a corporate finance advisory firm which assists US companies to expand their businesses in Asia. BDA specializes in the health industry and helps clients to find local business partners and has senior advisors in Bangkok, Jakarta, Kuala Lumpur, Manila, Seoul and Shanghai. For further information on BDA's services or on any of the articles in this newsletter, please contact Euan Rellie or Charles Maynard through our New York office, or Andrew Huntley in Singapore.

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