

# ASIAN HEALTH NEWSLETTER

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## INTRODUCTION

Indian pharmaceutical companies have been aggressively seeking to raise capital to fund overseas M&A, a trend which has accelerated recently. We also continue to see restructuring in the pharma sectors in China and Japan, which we believe will yield opportunities for strategic investors.

BDA is a corporate finance advisory firm, which assists MNCs and Asian companies to identify, assess and execute cross-border transactions involving Asia, including acquisitions, divestments, JVs and restructuring.

If you think that BDA's services may be useful to you, please contact us at any one of our offices or email me at [pdigiacomobdallc.com](mailto:pdigiacomobdallc.com). We look forward to speaking with you.

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## CHINA

**AMDL Inc** of the US, a developer and marketer of tests for the early detection of cancer and other serious diseases, will acquire **Jade Pharmaceutical**, and its two wholly-owned subsidiaries **JiangXi JieZhong Jade Bio-Chemistry Pharmacy Company** and **Yangbian Yiqiao Bio-Chemistry Pharmacy**. Jade Pharmaceutical manufactures 133 licensed products, including various injectable fluids, tablets, capsules and tinctures and has 11 products under development, including three which have begun final-stage clinical trials for the treatment of liver cancer, bone growth and an advanced antibiotic. (May 18, 2006)

**American Oriental Bioengineering Inc** ("AOB"), a leading manufacturer and distributor of pharmaceutical and nutraceutical products, has paid US\$25m to acquire **Guangxi Lingfeng Pharmaceutical Co Ltd** ("GLP"); a Guangxi-based pharmaceutical company specializing in plant-based medicines. AOB acquired a 100% stake in GLP for 2.5x GLP's 2005 revenue. The acquisition will extend AOB's product line into the area of women's health and create synergies between GLP's *Jinji* Series of drugs - aimed to treat gynaecological inflammations, such as endometritis, annexitis - and AOB's *Cease Enuresis* product line for the treatment of bedwetting and night-time urination, primarily targeted at pregnant and post-pregnant women. (May 19, 2006)

**AstraZeneca** plans to further its R&D efforts in China by spending US\$100m over the next three years. At the same time, AstraZeneca is also expanding its clinical research capabilities by partnering with Chinese organizations, including a US\$14m deal with **Wuxi Pharmatech** to conduct compound collection synthesis. By the end of 2009, AstraZeneca will establish an innovation centre, focusing on translational science - the application of basic scientific research for the direct benefit of patients. (June 6, 2006)

**Bayer HealthCare**, an independent arm of **Bayer AG**, is in negotiations with Xining-based **Topsun Science and Technology Co Ltd** ("Topsun") to acquire a 54.5% stake in Topsun's subsidiary **Didong Gaitianli Medicines Co Ltd** ("Gaitianli") for US\$16m. Gaitianli is one of the largest over-the-counter ("OTC") drug manufacturers in China. The acquisition is expected to equip Bayer HealthCare with a nationwide OTC drug distribution network and four famous brands, including *Gaitianli* and *White & Black*. (May 17, 2006)

**Beijing Med-Pharm Co** has agreed with **Shanghai CAS Shenglongda Biotech (Group)** ("Shanghai CAS") and **Shanghai Rongheng International Trade Co Ltd**, a subsidiary of **Orient International (Holding) Co** ("Orient International") regarding the potential acquisition of a majority interest in **Shanghai Rongheng Pharmaceutical Co Ltd** ("Rongheng"), a pharmaceutical distribution enterprise with operations in Shanghai. Orient International and Shanghai CAS currently own approximately 90% of Rongheng. (May 17, 2006)

**C&O Pharmaceutical Technology Holdings Ltd** ("C&O") has acquired China-based drug distributor **Shenzhen Liancheng Medicine**. The acquisition, valued at US\$5.6m, will provide C&O a wholly-owned drug distributor in China. At the same time, C&O also acquired Shanghai-based **Sun-sail**

**Pharmaceutical Science & Technology Ltd** to strengthen its on-the-ground research capabilities. (April 7, 2006)

**Calypte Biomedical Co** ("CBC") has acquired a 51% stake in **Beijing Marr Bio-Pharmaceutical Co Ltd** ("Beijing Marr"). Through the acquisition, CBC will be able to reach the manufacturing facilities for producing the *Aware* line of HIV-1/2 rapid test products in China. **Marr Technologies Asia Ltd**, an affiliate of **Marr Technology BV**, holds the remaining 49% stake in Beijing Marr. (April 26, 2006)

**SciClone Pharma**, a pharmaceutical company listed in California, could acquire at least one pharmaceutical company to boost its business in China. Currently, SciClone Pharma has a market capitalization of US\$109m. (May 25, 2006)

**Shanghai Medicilon** ("Medicilon"), a clinical research organisation ("CRO"), is currently seeking investors, to raise US\$5m to US\$10m and has been approached by a number of overseas venture capital firms. Located in Zhangjiang Hi-Tech Park in Shanghai, Medicilon is one of the fastest growing companies in the park and was the first CRO in China to provide integrated pharmaceutical services, including chemistry, ADMET and biology. Medicilon is looking for investors with good relationships with pharmaceutical companies. (May 2, 2006)

**Shanghai Qiaer Bio-Technology Co Ltd** ("Shanghai Qiaer") has agreed to sell a 45% stake to **Aida Pharmaceuticals Inc** ("AIDA"), one of mainland China's leading pharmaceutical companies, for US\$0.5m. AIDA previously acquired a 55% stake in Shanghai Qiaer for US\$0.6m. Shanghai Qiaer is a pharmaceutical company whose key product is *rh-Apo21*, a pioneering gene therapy drug used to treat certain forms of cancer. The acquisition was an important step for AIDA to

solidify its entry into the rapidly growing field of genetics internationally. (May 19, 2006)

**Sigma-Aldrich Co**, a leading life science and high technology company, has expanded its presence in China in order to reach its clients directly and provide better services. Sigma-Aldrich Co has established a wholly foreign owned enterprise, **Sigma-Aldrich (Shanghai) Trading Co** and acquired **Beijing Superior Chemicals and Instruments Co Ltd**, a distributor with sales of US\$30m with offices in Shanghai, Beijing and Guangzhou. The expansion is expected to assist Sigma-Aldrich to meet its growth goals over the next five years in China. (April 3, 2006)

**Sunwin International Neutraceuticals Inc** ("Sunwin"), an industry leader in the production and distribution of Chinese herbs, veterinary medicines and low calorie natural sweetener in China, has entered into an agreement with **Shangdong Yulong Group Co Ltd** ("Yulong") to acquire a 98.5% stake in **Qufu Pharmaceuticals Factory** ("Qufu"). Qufu generated approximately US\$6m in sales in the past year and currently has approximately US\$0.5m in net tangible assets, including equipment, land and buildings. The acquisition will enable Sunwin to vertically integrate its operations from manufacturing of raw material of Chinese herb medicine to manufacture and distribution of finished Chinese-herb medicines, therefore substantially increasing profit margins. (June 7, 2006)

**Techedge Inc** ("TEDG"), a developer of mobile VoIP and wireless broadband products, has acquired the Cayman Island incorporated **China BioPharma Ltd** ("CBP"), which is the major shareholder of **Tianyuan Bio-pharmaceuticals Co Ltd** ("Tianyuan"), the US\$9m revenue bio manufacturer based in Zhejiang province, China. The acquisition, pending Chinese Government approval, will enable TEDG to reposition itself to focus on the biopharmaceutical sector and expand

vaccine manufacturing and research capabilities in China. Tianyuan has planned to increase new product R&D into a portfolio of vaccines and expects to become one of the largest human vaccine production bases in China. (May 8, 2006)

**Teva Pharmaceutical Industries Ltd** ("TEVA"), headquartered in Israel, has increased its equity ownership from 45% to 60% in **Tianjin Hualida Biotechnology Co Ltd** ("Hualida"), a manufacturer and marketer of genetic recombinant medicines, highly purified proteins, antiviral and anti-tumor chemicals natural products. The acquisition is expected to further strengthen the partnership between TEVA and **Tianjin Pharmaceutical Holdings Ltd**, the other shareholder of Hualida. (April 26, 2006)

**Wockhardt**, the Indian pharmaceutical and biotechnology company with market cap of US\$1.3bn, is in negotiations with Chinese biotech companies regarding acquisitions and partnerships. Wockhardt is seeking access to innovative technologies developed by these companies for new delivery systems of recombinant vaccines and insulin. Wockhardt is also reportedly talking to several bio-pharma companies in the US. (May 29, 2006)

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## INDIA

**Dishman Pharmaceuticals** of India will buy Switzerland-based **CarboGen** and **Amcis**, and other assets that together constitute **Solutia's Pharmaceuticals Services** division. Dishman manufactures active pharmaceutical ingredients ("API") and their intermediates as well as specialty chemicals at two sites in Gujarat state. The acquisition allows Dishman to further strengthen

its leadership in contract research and manufacturing services in the fine chemicals business. (May 29, 2006)

**Lupin Ltd**, the Indian drug maker, has signed a preliminary agreement to acquire a 51% equity stake in **Dafra Pharma** ("Dafra") of Belgium. After the acquisition, Lupin will be able to leverage Dafra's anti-malarial medicines and marketing and distribution network in 25 African nations. The size of the deal was not been disclosed. (May 27, 2006)

**PRA International** ("PRA"), one of the world's leading CROs, has acquired **Sterling Synergy Systems Pvt Ltd**, a CRO based in Mumbai and Pune, India. This acquisition establishes a solid foundation for PRA in India and increases PRA's access to clinical sites, investigators and patients. PRA will also be able to provide integrated around-the-clock data management capability, augmenting its existing facilities in Lenexa, Kansas; Victoria, British Columbia; and Swansea, Wales. (May 22, 2006)

**Ranbaxy Laboratories Ltd** ("Ranbaxy") plans to acquire the unbranded generic business of **Allen SpA**, a division of **GlaxoSmithKline** in Italy. The acquisition is expected to accelerate the company's growth in Italy. The value of Italian generic market stands approximately at US\$420m with growth rate of 49% annually. Ranbaxy has a presence in 21 of the 25 EU countries and is rapidly consolidating its presence in Europe. (April 1, 2006)

The **Reliance Anil Dhirubhai Ambani Group** ("Reliance") has acquired an 80% stake in **Medi Assist India** of Bangalore. Medi Assist is a 3<sup>rd</sup> party healthcare administrator and was owned by **Nadathur Holdings and Investments** ("Nadathur"). Reliance made the acquisition through a **Reliance Capital** subsidiary, the **Reliance Health Ventures**. Nadathur Holdings holds the remaining 20% stake in Medi Assist. (May 23, 2006)

**Shasun Chemicals & Drugs Ltd** ("Shasun"), an integrated pharmaceutical research and manufacturing solutions provider, has acquired the pharmaceutical custom synthesis business of **Rhodia Group**, a specialty chemical company in France. The acquisition is an important step for Shasun to develop a global presence in APIs, custom synthesis and contract manufacturing, and enables Shasun to retain and grow business with current customers of the two companies. (April 3, 2006)

**Strides Arcolab Ltd** ("Strides") of India has acquired the former **Icon Valeant** sterile manufacturing unit in Warsaw, Poland. The acquisition will enable Strides to begin expansion of its operations in Eastern Europe as part of Strides' global network. The Valeant facility adds to Stride's European operations which began with the acquisition of the Italian pharmaceutical plant of Beltapharm in 2006. (May 19, 2006)

**Watson Pharmaceuticals Inc** ("WPI"), a specialty pharmaceutical company, has completed its acquisition of **Sekhsaria Chemicals Ltd** ("Sekhsaria") of Mumbai, India. Sekhsaria provides process R&D and contract manufacturing services to the global pharmaceutical industry, including the development and manufacture of APIs and related intermediates. Sekhsaria's API capabilities will support WPI's generic pharmaceutical program needs. (May 19, 2006)

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## JAPAN

**Arkray**, a diagnostic company of Japan, is acquiring the blood glucose monitoring business of **Medisys**, the UK medical devices company. The acquisition was valued at just below US\$75m. Medisys will

move its shares to trade in London's AIM market after the sale and use the money to make joint investments with US or UK-based diagnostic companies. (April 19, 2006)

**Fukuda Denshi**, the Tokyo-based medical instrument developer/distributor, has decided to sell **Kontron Medical SAS** of France and **Kontron Medical AG** of Switzerland. Losses and local business cultures have persuaded Fukuda Denshi to sell both companies by the end of 2006. In order to find another distributor in Europe, Fukuda Denshi would look at M&A opportunities in Germany. The company envisages generating profit of US\$88.6m through distribution in Europe by the end of 2010. (June 2, 2006)

**Hoya Corporation** ("Hoya"), the listed Japanese information technology, vision care and medical devices maker, has acquired a stake in **Hill Optics**, a manufacturer and distributor of ophthalmic lenses and one of South Africa's largest lens suppliers. Since 1997, Hoya and Hill Optics has been cooperating in South Africa under an exclusive distribution agreement. The acquisition will allow Hoya to increase sales of high-end and premium products in the South African market. (April 1, 2006)

**Microline Pentax**, subsidiary of Tokyo-based optical equipment maker **Pentax**, has acquired the medical clip applier business of Florida-based **Gyrx**, in a transaction valued at US\$11.5m. Due to the acquisition, Microline Pentax has projected its revenues for 2009 to be US\$17.9m. (May 23, 2006)

**So-net M3**, the Tokyo-based medical related information site, has acquired **MDLinx**, the Washington DC-based online health information resources provider, in a transaction valued at US\$8m. (May 21, 2006)

**Sysmex America** ("Sysmex"), the Illinois-based subsidiary of **Sysmex**, a Japanese medical services

group, has been looking for acquisitions to boost its current reagent production capacity as demands for Sysmex haematology products continue to rise. Sysmex has access to cash and no debt and therefore could make an acquisition. Sysmex is working towards achieving between US\$135m to US\$138m in revenues in 2006, an increase from US\$120m in 2005. (May 05, 2006)

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## KOREA

**AstraZeneca** of the UK has announced that it intends to expand its R&D network in Korea in the area of oncology, particularly for lung, liver and stomach cancer. Forming part of a strategic expansion of its interests in Korea, AstraZeneca will build its relationships with Seoul National University (SNU), Seoul Asan Medical Centre, Yonsei University Medical Centre, and the National Cancer Centre. AstraZeneca appears to be committed to a Kwon26bn (US\$27m) investment plan over the next three years. (June 26, 2006)

**BioCryst Pharmaceuticals** of the US has reached an agreement with **Green Cross Corp** of Korea to develop and commercialization in Korea of peramivir, BioCryst's influenza neuraminidase inhibitor. Green Cross will conduct domestic clinical trials with the agent and will share all the data with BioCryst. Green Cross will pay a one-time license fee and BioCryst may also receive future event payments as well as substantial double-digit royalties on commercial sales to third parties as well as receiving an equal share in any profits from sales to the Korean government for stockpiling. Green Cross will be responsible for all development, regulatory and commercialization costs in Korea, and will pay BioCryst a premium over its cost to supply peramivir for development and future marketing. (June 16, 2006)

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## MALAYSIA

**Welch Allyn**, a privately held American manufacturer of innovative medical diagnostic and therapeutic devices, cardiac defibrillators, patient monitoring systems and miniature precision lamps, has acquired **MediAids**, a medical products distributor in Malaysia. The acquisition of locally-incorporated MediAids will give Welch Allyn critical mass within a centralised Asian hub and complement its existing research and development facility in Singapore. (May 5, 2006)

**YSP Southeast Asia Holdings Bhd**, a subsidiary of **Yung Shin Pharmaceutical Industrial Co Ltd** ("YSP") of Taiwan, will acquire a 60% stake in **Sun Ten Pharmaceutical Manufacturing Sdn Bhd** for US\$0.6m. The investment in Sun Ten will expand YSP's businesses into the marketing of traditional herbal products that are sourced from Taiwan. (June 5, 2006)

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## SINGAPORE

**Avalon Medical Services Pte** of Singapore has been acquired by **Essel Propack Ltd**, through its wholly-owned subsidiaries, **Lamitube Technologies Ltd**. Essel Propack is a speciality packaging company engaged in the manufacture of laminated and seamless tubes catering to the oral care, cosmetics, personal care, pharmaceutical, food and industrial sectors. (April 11, 2006)

**Body Contours Pty Ltd** of Singapore will sell 51% interest in health and wellness group to **Medec Ltd**, the Perth-based health care equipment company, in a transaction valued at US\$5m. This is Medec's second acquisition in Asia in the last three months, after acquiring a 60% stake in a Hong Kong-based **Eaglemaster Enterprises Ltd** with a manufacturing facility in Jiangmen, China. (May 12, 2006)

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## TAIWAN

**GaleMed Corporation** ("GaleMed"), the private Taiwanese medical device manufacturer, is looking for overseas acquisition opportunities in respiratory aids manufacturing, with deal values between US\$10m and US\$20m. GaleMed also has plans to set up another facility in China in April and will also set up another operating facility in either Mexico or SE Asia. (April 18, 2006)

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## THAILAND

**Prasit Patana Plc**, operator of the **Phyathai Hospital** chain, plans to inject US\$3.14m into service improvements as part of a five-year plan to become a one-stop medical centre. The budget has been earmarked for Phyathai Hospitals 1, 2, and 3 to help them provide a full array of services, including treatment for cancer, heart disease and other illnesses. (April 1, 2006)

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## UAE / MIDDLE EAST

**Hikma Pharmaceuticals** ("Hikma"), a multinational pharmaceuticals group, will acquire the remaining 52.5% interest in **Al Jazeera Pharmaceuticals Industries** ("JPI") for a cash consideration of US\$21m. Hikma has held its original 47.5% interest in JPI since JPI was founded in 1994. JPI is a

pharmaceutical company headquartered in Riyadh, Saudi Arabia and sells 36 generic pharmaceutical products, including five products under licence and promotion and distribution agreements, in more than six countries through its 65 sales and marketing representatives. (April 18, 2006)

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## ABOUT BDA

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