

ASIAN HEALTH NEWSLETTER

September 2011, ISSUE 68

A Quarterly newsletter of developments in the pharmaceutical, medical and healthcare industries

We hope that you find the Asian Health Newsletter informative.

Business Development Asia LLC (“BDA”) is an investment banking firm which specializes in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs and restructurings. We have offices and professional staff throughout Asia, the Middle East, Europe, and the US. If you would like to learn more about how BDA is positioned to help your business grow

through acquisitions, or to achieve maximum value in a divestment or fund raising exercise, please contact us at any one of our offices.

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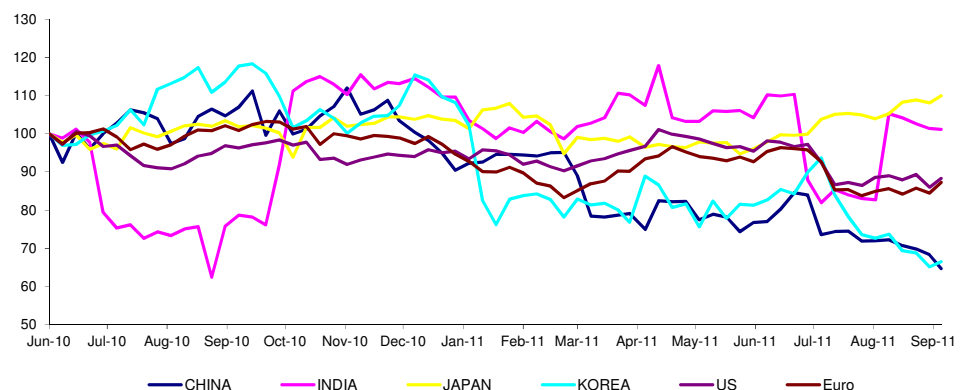
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Australia

Archer Capital, an Australian private equity firm that specializes in small/mid-market LBOs and management buyouts, has acquired **Health Care Australia**, an Australian operator of a network of 12 hospitals and a provider of community nursing and workplace health services, from a consortium of investors led by CHAMP Ventures, for US\$269m. **June 7, 2011**

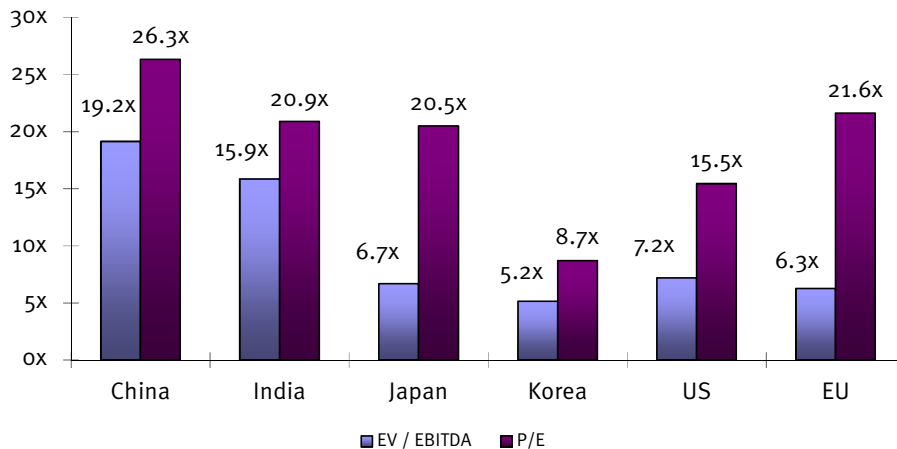
Grifols, a Spanish pharmaceutical company with a leading position in the hemo- derivatives sector, has acquired the remaining 51% stake that it did not already own in **Lateral-Medion**, an Australian-Swiss diagnostic services provider, for US\$13m. Lateral-Medion has recently developed a new blood type diagnostic technology which integrates with Grifols’ systems. In March 2009, Grifols acquired a 49%

Health Sector Stock Indices (12 months ending 30Sept11)



Source: Capital IQ, BDA

Healthcare LTM Trading Multiples (29Sep11)



Source: Capital IQ, BDA

stakes in Lateral and Medion, for US\$35m. [August 2, 2011](#)

Pharmacare Laboratories, an Australian manufacturer of healthcare focused packaged consumer goods, has acquired the consumer products division of **Novogen**, a listed Australian biotechnology company which develops and markets consumer healthcare products, for US\$11m. The transaction is in line with Novogen's strategy to divest its non-core businesses and concentrate on therapeutic drug development. [August 2, 2011](#)

China

Beijing Pharmaceutical, a Chinese state-owned distributor of pharmaceuticals and medical equipment, has agreed to acquire 56% of **Beijing Purenhong**, a Chinese pharmaceutical distributor with a network covering 130 hospitals. Beijing Pharmaceutical will acquire a 25% stake from **Beijing SL Pharmaceutical** for

US\$39m, and will acquire the remaining 31% from four individual shareholders, for an undisclosed amount. The transaction has received approval from board of Beijing SL Pharmaceutical and is subject to receive approval from EGM. [June 17, 2011](#)

Biosensors Technologies, a listed Singaporean medical technology provider, has agreed to acquire the remaining 50% stake it did not already own in **JW Medical Systems**, a Chinese producer of heart stents and related medical devices, from **Shandong Weigao**, a listed Chinese medical consumables producer. The transaction is subject to approval from Biosensor shareholders, the Board of Shandong Weigao and Singapore Exchange Securities Trading Limited. The deal is expected to close by 31 December 2011. [June 12, 2011](#)

Golden Meditech, a listed Hong Kong-based provider of medical devices and hospital management services, has acquired 56% of **Shanghai East International Medical Center**, a China-

based healthcare center that provides 24-hour inpatient and outpatient care to the international community, for US\$10m cash and stock. Shanghai East is a Sino-U.S joint venture between Shanghai East Hospital and U.S. Healthcare Management. The transaction will enable Golden Meditech to reinforce its brand and to elevate its market position in the hospital management sector. [June 28, 2011](#)

Guizhou Bailing Group, a listed Chinese pharmaceutical company focusing on TCM formulations, has agreed to acquire 60% of **Guizhou Herentang Pharmaceutical**, a Chinese producer of antiphlogistic capsules, from **Wang Yunling and Zhang Zhijun**, two individual investors, for US\$6.2m. [June 15, 2011](#)

Shandong Luye Pharmaceutical, a Chinese producer and distributor of pharmaceuticals and formulations for chemical drugs, has agreed to acquire **Sichuan Baoguang**, a manufacturer and wholesaler of Traditional Chinese Medicine (TCM) products, for US\$46m. Sichuan Baoguang reported a net profit of US\$ 1.7m in 2010. The acquisition will enable Luye Pharmaceutical to expand its portfolio of anti-diabetic products. [July 4, 2011](#)

Sihuan Pharmaceutical, a Chinese generic drug manufacturer, has agreed to acquire **Smart Baskets Investments**, a Chinese investment holding company that controls 100% of both Vinise Pharmaceutical and Hainan Litzman Pharmaceutical, from **Congio Enterprises**, a British Virgin Island-based investment company, for US\$120m. Vinise Pharmaceutical is a Chinese producer of TCM products and was the primary focus of the

acquisition. The transaction is subject to due diligence, customary and regulatory approval. [June 22, 2011](#)

Sinopharm Group, a listed Chinese provider of distribution and logistics services for the pharmaceutical and healthcare sectors, has agreed to acquire 69% of **Zhejiang Fosun**, a Chinese operator of pharmacies, from **Shanghai Fosun Pharmaceutical**, a listed Chinese pharmaceutical group, for US\$25m. Sinopharm will finance the acquisition with US\$19m in debt and US\$6m in equity. [July 2, 2011](#)

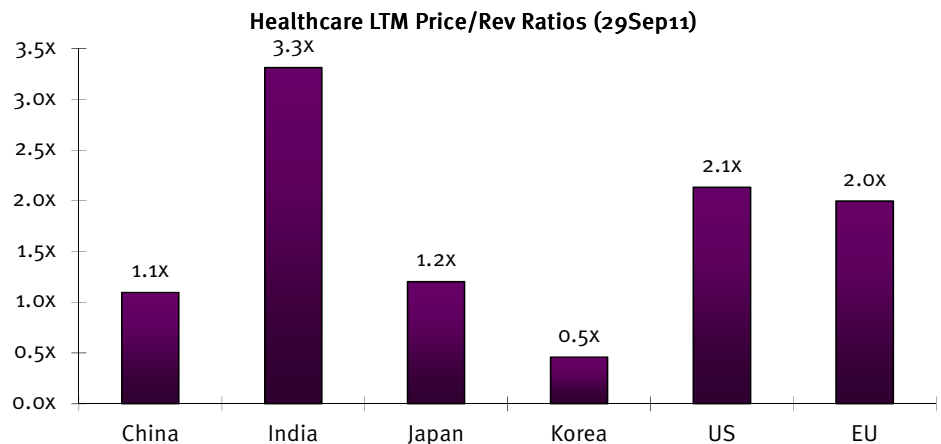
VWR International, a listed US lab supplier and distributor, has agreed to acquire **LabPartner (Shanghai)**, a Chinese lab equipment and chemical distributor, for an undisclosed amount. LabPartner will assist VWR in expanding its footprint in Asia. The transaction is subject to customary closing conditions and Chinese regulatory approval.

[August 4, 2011](#)

360buy.com, a Chinese e-commerce platform, has agreed to acquire 49% of **Beijing Haoyaoshi Pharmacy**, a Chinese online business-to-consumer (B2C) drug store, from **Jointown Pharmaceutical**, the largest private drug distributor in China, for an undisclosed amount. The transaction is in line with 360buy.com's strategy to enter the internet pharmaceutical and healthcare product market. The remaining 51% stake is owned by Jointown Pharmaceutical. [July 8, 2011](#)

HONG KONG

Shionogi & Co, a listed Japanese pharmaceutical company focusing on



Source: Capital IQ, BDA

prescription drugs, has made a mandatory unconditional offer to acquire 42% of **C&O Pharmaceutical Technology**, a Singaporean Hong Kong-based company involved in the R&D, manufacturing and distribution of C&O brand and third-party pharmaceuticals in China. The total transaction amount is expected to be US\$181m.

[August 1, 2011](#)

INDIA

Aventis Pharma, a listed Indian pharmaceutical company and subsidiary of **Sanofi Aventis**, has agreed to acquire the marketing and distribution business of **Universal Medicare Private**, an Indian nutraceuticals producer, for an undisclosed amount. The transaction has been approved by the Boards of Directors of Aventis and Universal Medicare, and is expected to close by the end of 2011. [August 24, 2011](#)

Max India, a listed Indian conglomerate

with operations in the healthcare, IT and insurance sectors, has agreed to acquire an additional 16% of **Max Healthcare Institute**, its majority owned healthcare services subsidiary, from **Warburg Pincus**, a US-based private equity firm, for US\$31m. Post acquisition, Max India will hold 91% of the company. The deal has been approved by the Board of Directors of Max India and is expected to close before December 15, 2011. [June 17, 2011](#)

JAPAN

Teva Pharmaceutical, an Israeli, US-listed generic drug manufacturer, has acquired **Taiyo Pharmaceutical**, the third largest generic drug manufacturer in Japan, for US\$934m. The transaction gives Teva access to a portfolio of over 550 products and a strong presence in the Japanese pharmaceutical market.

[July 14, 2011](#)

Toho Holdings, a listed Japanese diversified pharmaceutical company, has agreed to acquire **Koizumi Yakuhin**

KK, a Japanese wholesaler of pharmaceuticals and medical equipment, from **Iwaki**, a listed Japanese producer of pharmaceuticals and fine chemicals, for an undisclosed amount. Koizumi Yakuhin reported sales of US\$18m for 2010. The transaction is expected to close on October 1st 2011. [August 26, 2011](#)

KOREA

Beckman Coulter, a US manufacturer of biomedical testing instrument systems used in laboratory processes, acquired the clinical products distribution business of **Dong-A Pharmaceutical**, a listed Korean pharmaceutical and healthcare company, for an estimated US\$10m. The distribution division recorded sales of US\$12m in Q1 2011.

[June 30, 2011](#)

First REIT, a Singaporean investment company with interests in Asia-based healthcare real estate assets, acquired **Sarang Hospital Property**, one of the largest rehabilitative and nursing facilities in Yeosu, for US\$13m.

[August 5, 2011](#)

MALAYSIA

Pharmaniaga, the largest integrated healthcare company in Malaysia, has agreed to acquire **Idaman Pharma Manufacturing**, a Malaysian manufacturer and distributor of antibiotic and anti-diabetic pharmaceuticals, from **Boustead Idaman** and **Idaman Pharma**, for US\$31m. [August 10 2011](#)

PHILIPPINES

Acusis, a US-based provider of outsourced medical transcription services, has agreed to acquire medical transcription assets of **SPI Technologies**, a Philippine-based provider of knowledge process outsourcing and customer interaction services, for an undisclosed amount. The acquisition will lead Acusis to expand its customer base and presence in Asia. The transaction is expected to close by the end of August 2011.

[August 5, 2011](#)

VIETNAM

Fortis Healthcare International, a Singaporean healthcare services provider, has made an agreement to acquire 65% of **Hoan My**, a Vietnam-based hospital operator, for US\$64m. Post acquisition, the founder of Hoan will hold a 25% stake in the company, and financial investors Deutsche Bank and Vina Capital will each hold a 4.9% stake. Hoan generated revenues of US\$24m in 2010. [August 10, 2011](#)

Asian Healthcare Transactions with Multiples for Selected Countries (12 months ending in 30Sept11)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue	P/E
13-Jul-11	Mando Corp.	Korea	-	-	\$602.0	17.0%	11.0x	1.0x	18.4x
4-May-11	JK Yaming Int'l	Singapore	Juan Kuang Holdings	Taiwan	\$114.0	100.0%	5.6x	0.6x	-
16-May-11	Kawashima Selkon Textiles	Japan	JS Group Corp. (TSE:5938)	Japan	\$180.0	65.0%	15.9x	0.4x	-
21-Apr-11	Elk Corp.	Japan	Canon Marketing Japan	Japan	\$72.3	96.7%	6.4x	0.1x	156.5x
18-Apr-11	NovaMed Pharmaceuticals	China	SciClone Pharmaceuticals	US	\$104.8	100.0%	-	3.3x	-
7-Apr-11	Prasit Patana Public	Thailand	Bangkok Dusit Medical Services	Thailand	\$97.6	28.0%	7.5x	1.9x	-
18-Mar-11	Bangkok Chain Hospital	Thailand	Bumrungrad Hospital	Thailand	\$116.6	25.0%	10.8x	3.3x	18.5x
9-Dec-10	C & O Pharmaceutical Technology	Hong Kong	Sumitomo Corp	Japan	\$72.8	29.0%	8.6x	2.7x	11.5x
29-Oct-10	Thomson Medical Centre	Singapore	-	-	\$398.1	100.0%	20.5x	5.9x	32.3x
12-Oct-10	Healthscope	Australia	TPG Capital; The Carlyle Group; The Blackstone Group	US	\$2,313.4	100.0%	10.0x	1.4x	19.4x
16-Aug-10	Parkway Holdings	Singapore	Integrated Healthcare	Malaysia	\$3,424.4	76.2%	22.2x	4.9x	37.4x
2-Aug-10	CMIC	Japan	Taiyo Pacific Partners	US	\$12.0	5.0%	5.0x	0.7x	10.9x
17-Jun-10	Kawamura Cycle	Japan	Max Co	Japan	\$11.5	41.0%	5.7x	0.7x	32.1x
31-May-10	JCR Pharmaceuticals	Japan	GSK	UK	\$43.5	12.8%	12.1x	2.3x	20.2x
25-May-10	Dong-a Pharmaceutical	Korea	GSK	UK	\$110.3	9.9%	11.2x	1.7x	20.0x
10-May-10	Nihon Spindle Manufacturing	Japan	Sumitomo Heavy Industries	Japan	\$69.0	-	7.0x	0.4x	82.3x
8-May-10	Solvay Pharma India	India	Abbott Capital India	US	\$67.0	20.0%	24.6x	6.1x	39.8x
13-Apr-10	SSP	Japan	Boehringer Ingelheim Auslandsbeteiligungs	Germany	\$296.4	33.6%	13.8x	1.3x	101.9x
8-Apr-10	Tongjitang Chinese Medicines	China	Investor Group	British Virgin	\$20.2	-	54.4x	1.7x	-
1-Apr-10	Aventis Pharma	India	Hoechst	Germany	\$91.5	10.3%	15.9x	3.4x	25.6x
24-Mar-10	ScinoPharm Taiwan	Taiwan	Uni-President Enterprises	Taiwan	\$94.0	31.0%	8.5x	2.6x	9.4x
22-Mar-10	Standard Diagnostics	Korea	Alere	US	\$36.2	12.9%	8.5x	4.5x	10.8x
				Median	\$95.8	30.0%	10.8x	1.8x	20.2x

Source: Capital IQ

The stock indices and trading multiples graphs shown in this newsletter represent the ten largest publicly traded healthcare companies (by market capitalization) in China, India, Japan, Korea, the EU and the US.

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through acquisitions, divestments, JVs and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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