

# ASIAN HEALTH NEWSLETTER

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A Quarterly newsletter of developments in the Asian health, medical and pharmaceutical markets

We hope that you find the Asian Health Newsletter informative.

Business Development Asia (“BDA”) is an investment banking firm specializing in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising and restructuring. 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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## China

**Actavis Group hf**, a listed Icelandic developer and manufacturer of generic pharma products, has acquired 90% of **Zhejiang Chiral Medicine Chemicals Co Ltd**, a Chinese developer and producer of APIs. Terms of the transaction were not disclosed. Founded in 2001, Zhejiang Chiral currently employs 200 employees at its API facility in Hangzhou, China. *April 9, 2008*

**Alpharma**, a listed US pharma company and **Zhejiang Hisun Pharmaceuticals (Hisun Pharma)** of China have agreed to establish a JV. The JV will have registered capital of US\$24.3m and will manufacture the antibiotic vancomycin and other APIs

for a period of 30 years. Alpharma will contribute US\$12.4m to the JV and will receive a 51% stake. Hisun Pharma’s 49% stake will be derived from its contribution of factories and production facilities, which have been valued at \$12m. *June 12, 2008*

**American Oriental Bioengineering**, a NYSE-listed drug and healthcare products manufacturer in China, will acquire a 38% stake in **Aoxing Pharmaceutical** of China for US\$18m. Aoxing specializes in narcotic and pain-management products. American Oriental and Aoxing plan jointly to commercialize and develop narcotic and pain management products in China. *April 15, 2008*

**China Medstar Ltd**, an AIM-listed Singaporean diagnostic imaging and radiotherapy equipment provider, has agreed to a US\$40m takeover bid from BVI-based **Ascendium Group Ltd**. Medstar has 17 medical centers in China. *June 4, 2008*

**Covance**, a US clinical research organisation (“CRO”), will establish a clinical research services 50:50 JV with **WuXi PharmaTech** of China. The parties will set up a facility in Suzhou, China, to be operational by 2009. Covance will invest an initial US\$30m. The venture will focus on providing pre-clinical research with an emphasis on toxicology, drug metabolism, and bioanalytical chemistry. *June 24, 2008*

**GE Healthcare** has announced its intention to acquire more Chinese medical care companies as part of its general expansion strategy in the PRC. GE Healthcare sources indicated that the company intends to focus on the respiratory care sector in China, expected to be a leading market for the next generation of respiratory care products. *May 8, 2008*

**Hebei Aoxing Pharmaceutical**, a Chinese developer of analgesics and a subsidiary of **Aoxing Pharmaceutical Company Inc.**, a listed pharma company, has agreed to acquire **Shijiazhuang Lerentang Pharmaceutical**, a manufacturer of modernized traditional Chinese medicines, for US\$20m in cash and stock. The transaction is slated to close in Q3 2008. *March 12, 2008*

**Huadong Medicine Co Ltd**, a Chinese retailer and wholesaler of drugs, medical equipment and supplies, has agreed to acquire controlling stakes in two Chinese pharma companies from **Beijing Taiya Investment**, an investment holding company, for US\$14m. Huadong will acquire 79% of **Xi'an Bohua Pharmaceutical** and 65% of **Shaanxi Jiuzhou (Group) Pharmaceutical Industry Co.** The acquisitions are expected to bolster Huadong's ability to supply raw materials to the pharma industry and to overcome high barriers to entry in the local API market. *March 29, 2008*

**Philips Electronics NV** has announced it has agreed to acquire 100% of the shares of **Shenzhen Goldway Industrial Inc.**, a Chinese manufacturer of monitoring devices for OB/GYN, respiratory and anesthetic applications, for an undisclosed amount. The transaction is expected to close during Q2 2008. *April 14, 2008*

**Sihuan Pharmaceutical Holdings Group Ltd**, a Singapore-listed manufacturer of cerebrovascular ("CV") drugs, has announced the purchase of a 60% stake in an R&D entity, comprising **Shandong Xuanzhu Pharmaceutical Technology** and 100% of **Jinan Diwei Pharmaceutical Technology**, for US\$9m. The two companies specialize in CV and anti-infection drugs and collectively have a pipeline of over 300 products under application in the PRC and internationally. *April 10, 2008*

**Simcere Pharmaceutical Group**, a Chinese manufacturer of generic oncology drugs, has agreed to acquire a 70% stake in **Wuhu Zhong Ren Pharmaceutical Co Ltd**, a Chinese manufacturer of sustained release anti-tumor implants, for US\$9m. Zhong Ren's key product, *SinoFuan* (fluorouracil implant), is the only sustained release anti-tumor implant approved by China's SFDA. *April 22, 2008*

**Smart Nice Technology Ltd**, a BVI healthcare investment vehicle, has agreed to acquire a 40% stake in **Guangdong Techpool**, a developer and manufacturer of anti-clotting injectables and APIs, for US\$28.5m. **Shanghai Industrial Pharmaceutical Investment Co Ltd**, a listed developer and producer of biological and medical appliances, currently holds 40.8% of Techpool. Smart Nice will buy 20 million shares from Techpool's other existing shareholders and will subscribe for 20 million new shares at RMB5.00 (US\$0.71) per share. *April 1, 2008*

## Hong Kong

**Famestep Investments Ltd**, a BVI investment holding company, has agreed to acquire **Wah Cheong Development (BVI) Ltd**, a Hong Kong-based provider of medical services and equipment, for US\$60m. The seller was **Sun Hung Kai**, a listed Hong Kong conglomerate. *May 14, 2008*

**Integrated Distribution Services Group Ltd**, a listed Hong Kong marketing, logistics and manufacturing company, has agreed to acquire 91% of **Universal Pharmaceutical Laboratories**, a Hong Kong-based pharma company, from **Pak Keung Private Ltd**, an investment holding company. The transaction was valued at US\$14m. *May 15, 2008*

**India** 

**Actis**, a private equity firm, has acquired a further 37% stake in **Paras Pharmaceuticals Ltd**, a leading Indian developer of healthcare and personal care products, bringing its total holding in the firm to 60%. Actis initially acquired 23% of Paras in 2006 for US\$43m. Terms of the latest investment were not disclosed.

*April 31, 2008*

**Apollo Gleneagles Hospitals,**

a JV between **Apollo Group** and Singapore-based **Parkway Health**, will invest INR14bn (US\$327m) in the next two years to set up 2,000 more beds in the country. A large portion of the investment will go into building hospitals while an estimated INR1.5bn (US\$35m) will be spent on doubling the number of pharmacies from the existing 600.

*June 1, 2008*

**CBay Systems**, one of India's largest medical business process outsourcing ("BPO") firms, has sold a 53% stake to private equity investors to fund a US\$287m buyout of **Medquist**, the world's largest medical transcription company and a subsidiary of **Philips Electronics**. CBay will receive US\$123m from **Lehman Brothers** and the UK-based **SAC Private Capital Group**, which it will use to acquire 70% of Medquist. Medquist services over 1,500 hospitals and large physician practices in the US.

*May 23, 2008*

**Daiichi Sankyo Co**, Japan's third-largest drugmaker, will acquire more than 50.1% of India's **Ranbaxy Laboratories** for up to US\$4.6bn.

Ranbaxy will remain listed on India's stock exchanges. The Singh family, who control Ranbaxy, will sell their 34.8% stake to Daiichi. Ranbaxy will also issue preference shares to Daiichi. Following the acquisition, Daiichi Sankyo will join the top ten global the generic drug players.

*June 11, 2008*

**Dr. Reddy's Laboratories**, a leading Indian pharma firm, has completed its purchase of **Dow Chemical's Dowpharma Small Molecules** division, based in Mirfield and Cambridge, UK. Dr. Reddy's also announced the acquisition of **BASF AG's** pharmaceutical contract manufacturing business and its plant in the US.

*April 1, 2008*

**Dr. Reddy's Laboratories** has completed the acquisition of **Jet Generici**, an Italian manufacturer of generic fixed dosages, for an undisclosed consideration.

*April 4, 2008*

**DSG Inc**, a leading American EDC (electronic data capture) and clinical software technology provider, has opened a wholly owned subsidiary, **India Document Solutions Private Ltd**, near New Delhi. The subsidiary will employ 30 software engineers focused on R&D and quality control

for DSG's clinical trial software for the healthcare and pharmaceutical industries.

*April 7, 2008*

**Enam Holdings**, an Indian investment firm, has acquired a minority stake in healthcare BPO service provider **Omega Healthcare Management Services Pvt Ltd**.

Omega Healthcare offers a variety of revenue cycle management services to both physicians and hospitals.

*April 30, 2008*

**Fresenius SE**, a leading German healthcare conglomerate, has acquired the Indian pharmaceutical firm, **Dabur Pharma**, from the **Dabur Group**, for INR8.8bn (US\$205m). Fresenius SE is a global health care group with products and services for dialysis, the hospital and the medical care of patients at home. Following the sale of Dabur Pharma, the Dabur Group is expected to focus fully on its FMCG business, the fourth largest in India.

*April 22, 2008*

**Jubilant Organosys** has completed the acquisition of **Draxis Specialty Pharmaceuticals**, a Canadian producer of materials for therapeutic and diagnostic molecular imaging applications, for US\$253m. The transaction marks Jubilant's entry into the radio pharmaceutical segment and will provide the company with a robust product pipeline in the burgeoning segment.

*May 23, 2008*

**Nicholas Piramal India**, India's second largest pharma firm, has agreed to acquire the *Anafortan* and *CEFI* brands from **Khandelwal Laboratories**, an Indian manufacturer of pharmaceutical products and APIs, for US\$27m. The Anafortan brand group is the only smooth-muscle anti-spasmodic drug class in India, while the CEFI line consists of Cefixime-based formulations in pure and combination forms. *April 15, 2008*

**Opto Circuits (India) Ltd**, India's leading manufacturer of medical diagnostics and interventional products, has announced the acquisition of **Criticare Systems**, a US-based developer and manufacturer of portable vital signs and gas monitoring instruments and patient monitoring sensors, through a tender offer of US\$5.50 per share, valuing the company at US\$68m. *April 10, 2008*

**Otsuka Chemical** of Japan has begun production of antibiotic intermediates in India which will be sold to local generic drug manufacturers. Otsuka invested ¥5bn (US\$46.4m) to build the facility in the northwestern state of Rajasthan with production set initially at 300 tons and slated to reach 500 tons in three years. *May 16, 2008*

**Parkway Hospital** of Singapore, controlled by US-based **Texas Pacific Group ("TPG")**, is reportedly in the

lead to acquire a 25%-30% stake in India's privately-owned **Manipal Hospital** for over INR5bn (US\$120m). Thai healthcare major **Bumrungrad Hospital Pcl** is the other company in the bidding process. *May 13, 2008*

**Piramal Healthcare** is in discussions to sell a 10% equity stake in its R&D subsidiary, **Piramal Life Sciences Ltd ("PLC")**. PLC's R&D pipeline comprises 14 compounds, which are used for the treatment of cancer, diabetes, inflammation and infectious diseases. The interested parties are **Kotak Private Equity** and **MPM Capital**, a global investment management company focused on healthcare investment. **Carlyle** and **Blackstone** have also reportedly expressed interest in taking a minority stake in the research firm. *April 23, 2008*

Medical technology products manufacturer **Trivitron Group of Companies** will build a INR2.5bn (US\$60m), 23-acre medical technology park at SIPCOT Industrial Park near Chennai. Trivitron has negotiated three JVs to set up in the park. Trivitron's three partners are **Aloka Company**, a Japanese ultrasound manufacturer; **Biosystems**, a Spanish diagnostic equipment manufacturer; and **Brandon Medical**, a UK medical lighting producer. Trivitron will hold a 40% stake in the Aloka JV, and in the other two JVs with Biosystems and Brandon Medical, it will hold

60% and 51% stakes, respectively. Of the US\$60m investment being made into the Park, Trivitron will invest US\$42m, and the remainder will be invested by the three partners. *May 21, 2008*

**Zylus Cadila**, a subsidiary of **Cadila Healthcare**, India's fifth-largest pharma company, has acquired **Laboratorios Combix**, a Spanish producer of generic formulations, for an undisclosed consideration. The transaction follows Zylus' purchases of **Nippon Universal Pharmaceuticals Ltd** of Japan and **Quimica e Farmaceutica Nikkho do Brasil Ltda** of Brazil in 2007. *May 30, 2008*

## Indonesia

**Hogy Medical Co**, a major producer of medical products made from nonwoven cloth, plans to build a factory in Indonesia at a cost of ¥1.6bn (US\$14.8m) to manufacture medical tools for sale in Asian countries. Construction is scheduled to begin around Q2 2009, with the goal of launching production by Q2 2010. The factory is expected to make doctor's gowns and medical drapes, as well as disposable kits that contain syringes and other medical tools. *June 16, 2008*

## Japan

**Daiichi Sankyo**, a Japanese pharma

firm, has agreed to buy the German biotech firm **U3 Pharma AG** for US\$235m. The transaction will provide Daiichi Sankyo with a full-scale product pipeline in monoclonal antibodies (mAbs) for use in novel oncology treatment. *May 21, 2008*

**Mubadala Development Co**, an investment arm of the Abu Dhabi government, will invest ¥10bn (US\$93m) in a private hospital that will open in Kobe in 2010. The private medical center will be built on Port Island, a man-made island in Kobe and will specialize in organ transplants and regenerative medicine. Abu Dhabi hopes to transfer some Japanese medical technologies through the investment. *June 13, 2008*

**Mitsui & Co** and its US investment unit, **Mitsui & Co Venture Partners**, are selling their US biotech venture to German pharma concern, **Boehringer Ingelheim**, for US\$515m. The biotech venture, **Actimis Pharmaceuticals**, develops a compound for treating asthma and allergic rhinitis which has not been successfully commercialized. Boehringer acquisition of Actimis' stock will be completed by 2012. *June 18, 2008*

**Nichi-iko Pharmaceutical**, a listed Japanese manufacturer of Rx pharmaceuticals for circulatory disorders, has completed the acquisition of **Teikoku Medix**, a unit of **Teikoku Seiyaku Co Ltd**, a

Japanese manufacturer of generic drugs, dermatological patches and herbal remedies. Nichi-iko did not disclose the terms of the transaction but sources estimate the transaction value to be US\$60m-US\$70m. *May 12, 2008*

**Roche Holding Ltd** has agreed to acquire a further 9.8% stake in **Chugai Pharmaceutical** of Japan, for US\$922m, following its acquisition of a 50.1% stake in 2001. The investment will help Roche to consolidate its management structure and to further benefit from synergies between the firms. *May 23, 2008*

The management of **Showa Yakuhin Kako**, a Japanese manufacturer of dental products and generic pharmaceuticals, has successfully completed an MBO of the firm from its private equity holders, **JAFCO Co Ltd** and **CVC Asia Pacific (Japan)**. The MBO, valued at US\$404m, was financially backed by a consortium of Japanese private equity firms including **Tokio Marine Capital**, **Phoenix Capital** and **AIG Partners Japan**. Showa had sales of US\$88m in 2007, and employs 238 staff. *April 1, 2008*

**Takeda Pharmaceutical**, Japan's largest pharma company, will acquire **Millennium Pharmaceuticals**, the NASDAQ-listed producer of oncology and anti-inflammatory treatments. The transaction, valued at US\$8.8bn,

is the largest acquisition by a Japanese pharma company. Takeda's tender offer at US\$25 per share is a 53% premium to Millennium's share price. Takeda seeks to bolster its product portfolio because it faces patent expiration on two major formulations in 2009 and 2011. *May 9, 2008*

**Takeda Pharmaceutical** has also formed a strategic alliance with **Alnylam Pharmaceuticals**, a US developer of RNAi treatments. Takeda will make an upfront payment of US\$100m and an additional US\$50m in technology transfer payments. Including R&D and commercial milestone fees, the transaction could be valued at over US\$1bn. The firms will collaborate in using Alnylam's RNAi technology to develop treatments for cancer and metabolic disease. RNAi technology, or "gene-silencing", uses bio mechanisms within the body to target and shut down genes associated with disease. *May 27, 2008*

**Teijin Ltd**, an Osaka-based textile, chemical and pharma products manufacturer, will acquire **Braden Partners LP**, a leading US provider of home respiratory equipment for US\$114m. Based in California, Braden reported revenues of US\$132m in 2007. Post acquisition, Teijin will hold a 1% share of the US respiratory equipment market. The company is considering further acquisitions in the US to reach its

goal of a 10% market share. In Japan, Teijin's subsidiary, **Teijin Pharma Ltd**, has a 60% market share for breathing devices. *May 30, 2008*

## Korea

**CJ Corp**, a Korean food and drug maker, has announced it will invest W148bn (US\$142m) to build a drug manufacturing facility in central Korea. This investment will allow CJ to grow its pharma business by 2010. The facility will be built in Cheonwon, 88 kilometers southeast of Seoul. *May 14, 2008*

**Hanmi Pharmaceutical Co**, a KOSDAQ-listed pharma company, increased its shareholding in **Dong-A Pharmaceutical**, another Korean player, from 7.2% to 9.13%. The value of the investment was US\$22m. Experts expect either an acquisition or merger between the two firms in the long-run, but view the current transaction as a means of solidifying strategic alliances and management influence at Dong-A. *March 6, 2008*

## Malaysia

**Khazanah Nasional Bhd**, the Malaysian sovereign wealth fund, has agreed to acquire a 16.4% stake in **Parkway Holdings Limited**, a listed Singapore-based based hospital management group controlled by

**TPG**, for US\$390m. The offer price represents a premium of 23% over Parkway's closing share price of US\$2.49. Following the transaction, Kazanah will hold a 20.8% stake in Parkway. *April 30, 2008*

## Singapore

**Alcon**, a Swiss eye-care firm, plans to build a new 250,000 square foot pharma plant in Singapore to meet growing demand in the region. The company aims to reach capacity of 53 million units within three years. Alcon has not disclosed the size of the investment it plans to make. *April 15, 2008*

**Bio\*One Capital**, a Singapore biomedical investment firm, has invested US\$10m into **Alexza Pharmaceuticals**. Bio\*One, the life sciences investment unit of Singapore's Economic Development Board, will receive a 3.8% stake for its investment. US-based Alexza will in turn set up a manufacturing facility in Singapore to manufacture key components of Alexza's single-dose *Staccato* drug delivery device. Alexza has six product candidates in clinical phases, and the seven-year-old company did not generate revenues in 2007 but expects to break even in 2013. *March 26, 2008*

**Edwards Lifesciences**, a US manufacturer of medical devices,

has begun operating a Singapore plant that makes valves for artificial hearts. Costing US\$20m, the facility handles the assembly process, which involves stitching the various valve parts together by hand. The facility will produce as much as 30% of Edwards' heart valves by the end of 2009. The company will export the valves to other Asia-Pacific countries and other regions outside the US and Middle East. *June 9, 2008*

**MBK Partners**, a Korean PE firm, has acquired a 77.2% stake in the Singapore-listed **AsiaPharm Group Limited** for S\$276m (US\$200m). AsiaPharm executives, who hold a combined 44.2% stake, have agreed to swap those shares for a stake in a new holding company to be set up by MBK. AsiaPharm mainly operates in China and specializes in creating delivery mechanisms, such as injections, for oncology and cardiovascular treatments. *May 26, 2008*

**Pacific Healthcare Holdings Limited** ("PHH"), a Singaporean provider of integrated healthcare services, has agreed to acquire a 49% stake in **Bangkok Mediplex**, a Thai medical centre, from the three shareholders - **Nusasiri Group**, a Thai property development company, Mr. Niwat Kittichaiwong, the company's CEO; and Mr. Patta Sahawat, a Thai businessman - for a consideration of US\$11m. *May 24, 2008*

## Vietnam

### Synchron Research Service Pvt

**Ltd** of India is planning to set up a greenfield CRO in Vietnam through an investment of INR800m (US\$2m). To fund this and other expansion plans, Synchron is also planning an IPO by 2010. Synchron recently completed construction of Thailand's first CRO. The company also recently acquired the French bio-analytical and bio-marker labs of US-based CRO

**Parexel** for US\$6.7m. As part of the transaction, Parexel increased its stake in Synchron from 19.5% to 31%.

*April 3, 2008*

**Thomson Medical Centre** said that it has signed a subscription option agreement to take a 25% stake in the **Hanh Phuc International Women and Children Hospital** in Vietnam which it helped plan. Thomson Medical did not disclose the value of the hospital, but it has been offered

the same price per share as that paid for the founders' shares. The private 260-bed hospital is located in Binh Duong province and will be completed in Q3 2009. *May 22, 2008*

*To submit stories to future editions of this newsletter, please contact Paul DiGiacomo in Hong Kong on (852) 2537-9565 or email [pdigiacomobdallc.com](mailto:pdigiacomobdallc.com).*

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