

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 and restructurings.

We have offices and professional staff throughout Asia, the Middle East, US and Europe.

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

Alliance BMP Limited, an 80/20 investment vehicle jointly owned by **Alliance Boots** and US-Chinese pharma company, **BMP Sunstone**, has acquired a 50% stake in **Guangzhou Pharmaceuticals Corporation**, a south China pharmaceuticals wholesaler, for US\$74.6m. **Alliance BMP** will hold four of the eight seats on the board. The deal will solidify Alliance’s distribution presence in the fast-growing region. *January 29, 2008*

Baxter China, a subsidiary of the US medical company **Baxter International**, will acquire the outstanding 40% stake in its JV, **Baxter Shanghai**, for US\$25m.

Baxter outbid **Double Crane Pharma** in an auction process following the exit of **Shanghai Worldbest Treeful Pharmaceuticals** from the JV because of financial difficulties. Baxter Shanghai, which makes intravenous products, will become a wholly-owned subsidiary of Baxter China. *January 28, 2008*

Biosensors International Group, the Singapore-listed manufacturer of medical devices, will acquire a further 30% stake in Chinese heart stent manufacturer, **JW Medical Systems**, for 120m shares, valued at US\$90m. This transaction follows the prior acquisition of a 50% stake by Biosensors in August 2007.

The seller, the Hong Kong-listed **Shandong Weigao Group Medical Polymer**, retains a put option for the remaining 20% stake in **JW Medical Systems**. *February 29, 2008*.

BMP Sunstone, a Nasdaq-listed, US-Chinese pharma company, received approval from the **Chinese Ministry of Commerce** (MOFCOM) to acquire 63.3% of **Shanghai Rongheng Pharmaceuticals**. The acquisition provides BMP with a distribution network serving 250 Shanghai area hospitals. Terms of the agreement were not disclosed. *February 1, 2008*

China Sky One Medical, the Harbin-based OTC drug manufacturer, will

to acquire **Heilongjiang Tianlong Pharmaceutical** for US\$8.3m. China Sky will gain a portfolio of 69 approved drugs, a pipeline of 38 new drugs, and an additional production facility. *February 29, 2008*

Jiangsu Kanion Pharmaceutical Co Ltd will set up an anti-tumor drug production base, investing RMB280m (US\$40m), in Guangdong Province's Zhongshan City. Kanion Pharma will purchase 133,000 m² of land to set up a R&D center and production base. The site will produce gambogic acid injection, an anti-tumor drug, along with other products. The base is expected to generate RMB2bn (US\$280m) each year. *March 18, 2008*

Kaixinren (Group) Holding, a Chinese wholesale drug store operator, is understood to have received US\$15m in funding from **Nikko Cordial**, a Japanese venture capital firm affiliated with **Citibank**. Nikko Cordial will provide growth capital to Kaixinren up to US\$50m. The capital injection is expected to fund the acquisition of small local chain drugstores in several provinces as well as the opening of 200 new directly-operated pharmacies in Shanghai, Beijing, Tianjin and Jiangxi. *January 28, 2008*

Novartis subsidiary **Sandoz** has acquired a drug manufacturing facility in Guangdong province from the German drug company **Grunenthal**. The acquisition provides

Sandoz with a second facility in China and signals its continued interest in the Chinese generics market. *January 2, 2008*

Roquette Co Ltd of France, the world's largest polyol, mannitol, and xylitol producer, has agreed to acquire a 67% stake in **Guangxi Nanning Chemical Pharmaceuticals Co Ltd**. The previous investors, state-owned **Nanning Water Supply Co** and **Nanning New High-Tech Development Investment Co**, will hold the remaining 33%. Nanning Chemical produces sugar alcohols, including mannitol and sorbitol. Post-acquisition, Nanning Chemical plans to invest RMB60m (US\$9m) to upgrade production lines and to set up two new lines. This will double the company's hard crystalline sorbitol output. *March 21, 2008*

Tongjitang Chinese Medicine Co, the NYSE-listed traditional Chinese medicine manufacturer, has acquired **Qinghai Pulante Pharmaceutical Co Ltd**. Tongjitang will make an initial payment of RMB25.5bn (US\$3.6bn). Subsequent payments over the next three years will be based on Pulante Pharma's financial and operational performance. Tongjitang acquired Pulante Pharma for its *Chongcao Qingfei Capsules*, an OTC product to treat respiratory diseases such as chronic obstructive pulmonary disease (COPD). China has 300 million smokers, offering a large market for COPD drugs. *March 24, 2008*

Unigene Laboratories will broaden the scope of its JV with **Shijiazhuang Pharmaceutical Group (SPG)** and expand the JV's product line-up. Unigene will maintain its 45% ownership position in the JV. Unigene and SPG plan to establish the **SPG-Unigene Biotechnology Research Institute** in China. The institute would assist in setting up local manufacturing facilities and a Chinese pharmaceutical distribution network for the JV products. *January 26, 2008*

Wuxi PharmaTech, a NYSE-listed provider of pharmaceutical R&D outsourcing, has acquired **AppTec Laboratory Services**, a service provider for the biopharma and medical devices industries, for US\$163m. The transaction received approval from US authorities on January 24, 2008, and represents the first overseas acquisition in China's pharmaceutical industry. *February 4, 2008*

Sinopharm Medicine will increase its stake in **Zhengzhou Sinopharm Medicine Holding**, its JV with **Zhengzhou Juirui Pharmaceutical Co Ltd**, a subsidiary of **China National Medicines Corp**, to 51%. **Zhengzhou Sinopharm** is China's largest drug distributor. Sinopharma indicated it will seek to improve and promote a model of centralized online drug distribution. Terms of the transaction were not available. *January 9, 2008*

India

Albany Molecular Research Inc (AMRI), the NASDAQ-listed drug discovery firm, has acquired **FineKem Laboratories Pvt Ltd**, a manufacturing facility located in Aurangabad, India. The acquisition adds a new compound, ISMN (Isosorbide Mononitrate), to AMRI's generics portfolio and will boost AMRI's production of custom pilot scale intermediates in India. The transaction follows the acquisition of manufacturing facilities in Aurangabad and Navi Mumbai in July 2007. Production at the new facility will to start in Q2 2008. *February 4, 2008*

Biocon, a listed Indian biotech firm, will acquire a 70% stake in specialised German biopharmaceuticals marketing and distribution company **AxiCorp GmbH**, for US\$44m. The transaction benefits Biocon's marketing and distribution efforts in generics, bio-similars, biologics and innovative pharmaceutical products in Europe. Biocon recently agreed to a strategic tie-up with US-based **IATRICa**, to co-develop new immuno-conjugates for immunotherapy of cancers and infectious diseases. *February 11, 2008*

Genepharma Australasia Ltd, a generic pharma maker, has agreed to acquire the Australian and Asian businesses of **Strides Arcolab Ltd** for US\$65m in

an all-stock deal. Strides is one of India's largest exporters of branded generic pharmaceutical products. Strides will emerge with a 44% stake in Genepharma. *February 8, 2008*

Manipal Health Systems, part of **Manipal Education and Medical Group (MEMG)**, is close to acquiring management control in Kochi-based **Lakeshore Hospital**, a super-specialty medical centre and a pioneer in medical tourism initiatives. Manipal is likely to pick up a 40% stake for Rup1bn (US\$24m). MEMG runs a chain of 12 hospitals in South India both in the tertiary- and secondary-care segments. Manipal Hospital in Bangalore is the flagship. Manipal has two more hospitals in Bangalore, besides some primary care facilities. *March 3, 2008*

Marksans Pharma, a listed Indian producer of OTC analgesics, ointments and remedies, has acquired UK-based pharmaceuticals company, **Bell Sons**, for an estimated US\$20m to US\$30m. The acquisition provides Marksans with a foothold in the UK, which accounts for more than 70% of its export sales, as well as a contract manufacturing and private label business serving major customers. *January 1, 2008*

Natco Pharma, an Indian drug manufacturer, has announced the acquisition of US-based retail pharmacy firm, **Newark Drugs**, for an undisclosed amount. Natco acquired

Newark Drugs through its US-based general partnership firm **K&C Pharmacy**, in which it holds a 75% stake. The transaction gives Natco access to the American retail drug

market. The company anticipates US revenues will increase to US\$35m post-acquisition. *February 6, 2008*

Novo Nordisk, the Danish global leader in diabetes drugs, has announced plans to extend its Indian drug discovery and manufacturing presence. The company aims to triple its Indian staff in the next four years, effectively outsourcing one-third of its global research. The company, which enjoys a 60% market share in its category in India, also plans to introduce three new anti-diabetic products in the country by 2011. *February 7, 2008*

RFCL Ltd, an **ICICI Venture** firm, will acquire Chennai-based veterinary healthcare company, **Alved Pharma and Foods**, for an undisclosed amount. Alved is a leading firm in the South Indian animal healthcare market and enjoys significant exports to Africa and west Asia. *January 4, 2008*

Shasun Chemicals & Drugs, a BSE-listed pharmaceutical company, has announced a licensing agreement with **Merck** for the use of its proprietary cross-coupling copper technology to manufacture and commercialize APIs. **Shasun** will

be paid a small upfront fee for the licensing but hopes to obtain right-of-first-refusal for the manufacture of any bulk drugs developed using the technology. *February 28, 2008*

Sun Pharmaceutical, a listed Indian pharma manufacturer, has increased its stake in Israel's **Taro Pharmaceutical Industries** to 34.4%. The transaction was made through an indirect subsidiary of Sun, **Alkaloida Chemical Company Exclusive**

Group. This transaction follows an accepted bid in May 2007 for Taro, valued at US\$454m, which has been subject to numerous delays. Sun is keen to benefit from Taro's presence in dermatology and tropical products, and its product lines in cardiovascular, anti-inflammatory and neuropsychiatric products.

February 19, 2008

Japan

BioReliance has opened its first office in the Asia Pacific region, in Tokyo. The company choose Japan as a launching point because of the growth prospects there. The new Tokyo office will initially serve as a base for BioReliance's technical/scientific team for conducting client and scientific seminars, account development and other business development opportunities. *March 27, 2008*

Eisai, the listed Japanese research-

based human health care company has entered into a definitive merger agreement with the American biopharmaceutical firm, **MGI Pharma**. Eisai will acquire 100% of MGI Pharma for US\$3.9bn. The acquisition will combine MGI Pharma's marketed and pipeline products in oncology and acute care with Eisai's existing oncology products, global infrastructure and R&D capabilities. *December 21, 2007*

Fujifilm Holdings will pay up to US\$1.4bn to acquire 78% of Japanese pharma manufacturer **Toyama Chemical**, reflecting the film maker's growth ambitions in the medical sector. The offer combines a tender offer bid and a private placement of new shares by current holder, **Taisho Pharmaceutical**. Fujifilm has branched out into endoscopes and digital imaging systems as markets move away from conventional film products. This transaction represents its first foray into formulations. *February 14, 2008*

Ono Pharmaceutical, the Japanese drug maker, will pay German biotech firm **Evotec** for drug discovery research. Under the deal, Evotec will identify small molecular weight compounds targeting a protease, which is a type of enzyme. Ono will make a one-time payment, fund research and make milestone payments to Evotec, while gaining worldwide rights to develop and sell a pharmaceutical product containing

the compounds discovered. Financial terms were not disclosed.

March 27, 2008

Takeda Pharmaceutical, the leading Japanese pharma firm, will acquire the Japanese operations of **Amgen**, the American biotechnology firm, for up to US\$902m. An initial payment of US\$200m is scheduled with up to US\$702m in further payments tied to the development of new treatments. The transaction coincides with the announcement of an extensive development plan between the two firms. The acquisition provides Takeda with a dozen experimental drugs for cancer and arthritis. Amgen stands to gain a revenue stream from its formulations that is unfettered by Japanese regulation. *February 3, 2008*

Takeda Pharmaceutical will pay US\$5bn to buy out **Abbott Lab** from their 50:50 US venture, **Tap Pharmaceutical**. Takeda, which has earmarked US\$10bn for investment and acquisitions, has been vying for full control of TAP for over a decade but has disagreed over the price. TAP, whose main product is the heartburn drug Prevacid, had sales of US\$1.5bn between April and September 2007. *March 20, 2008*

Teijin Pharma, the Japanese pharmaceutical subsidiary of the **Teijin Group**, has acquired 85% of the US home-care appliances provider **Associated Healthcare Systems**. The acquisition will to provide advanced

technology and know-how as well as access to the US market. The acquisition price was not disclosed.

January 9, 2008

Korea

Stem Cell Therapy International Inc will merge with **Histostem Ltd**, a Korean stem cell and umbilical cord blood bank company. The newly combined entity will be held 60% by Histostem and 40% by Stem Cell Therapy. On completion of the transaction, Stem Cell Therapy International will be renamed **AmStem International Corp** which will be headquartered in Seoul. AmStem will then raise up to US\$80m for expansion of worldwide operations, to submit its clinical data for US FDA review, and to apply for listing in a US stock exchange. *March 18, 2008*

Singapore

Alexza Pharmaceuticals Inc announced that **Bio*One Capital Pte Ltd**, one of the largest dedicated biomedical investment management companies in Asia, has committed to purchase US\$10m of common stock in Alexza. The investment by Bio*One is being made in conjunction with Alexza's formation of **Alexza Singapore Pte Ltd**, a wholly owned subsidiary. Alexza will begin manufacturing key components of its single-dose *Staccato(R)* device in

Singapore. *March 27, 2008*

GSK has opened an R&D pilot plant in Jurong at a cost of US\$116m. Total investment by the UK company in Singapore will amount to US\$1.5bn. Built on the same site as GSK's existing manufacturing facility at **Pioneer Sector** in Jurong, the pilot plant is the sixth in the company's chemical development global network, which accommodates a pipeline of new chemical entities in the final phase of development.

March 17, 2008

Invida Pharmaceutical Holdings, the parent of Singaporean healthcare firms **Pharmalink** and **Inovail**, has completed the acquisition of **Valeant Pharmaceutical International's** Asia-Pacific operations for US\$38m in cash. **Valeant** will cede its licensing rights and commercial operations in the region for its products in twelve key Asian markets. The acquisition will help Invida transition from a sales-oriented company to a fully-fledged pharma company. *March 3, 2008*

LuYe Pharmaceutical Investment, a unit of the Korean Carlyle spin-off, **MBK Partners LP**, has made a cash offer of US\$253m to acquire a 56% stake in the Singapore pharma company, **AsiaPharm Group**. AsiaPharm shareholders have agreed to sell their 44% stake. *February 5, 2008*

SNF Corporation, the listed

Singaporean distributor of electronic components, will merge with Singapore healthcare provider, **Healthway Medical Services**, in a reverse takeover of 97% of the company's shares. The vendor, Singapore holding company, **Universal Healthway**, will receive US\$365. The acquisition will provide SNF Corporation with a foothold in the healthcare sector via an established business and local brand. The acquisition is subject to regulatory and shareholder approvals. *January 8, 2008*

Thailand

Thailand will buy a generic version of **Sanofi-Aventis SA** cancer medicine *Taxotere* from India's **Dabur Pharma** because the copycat drug is 95% cheaper than the branded product. The health ministry is also in talks with drugmakers to buy copies of **Roche Holding AG's** *Tarceva* and **Novartis AG's** *Femara* cancer treatments. *March 11, 2008*

United Arab Emirates

Pfizer is setting up a medical and marketing HQ in Dubai. It will be sited in the Dubai Biotechnology and Research Park (DuBiotech), and is part of Pfizer's plan to make Dubai its regional hub for Middle East and Africa. The company already employs

1,300 people in the Middle East.

March 27, 2008

Vietnam

Anpha Capital, which has US\$125m invested in two Vietnamese funds, bought 10% of **Ampharco Pharmaceutical Joint-Stock Co**

on speculation that growth in the industry will quicken. Vietnam's pharma industry grew 15% in 2007. Anpha Capital anticipates faster growth in coming years. Anpha Capital plans to increase its holding in Ampharco to 20%, according to Giang Bui Cong, president of the investment fund. *March 27, 2008*

To submit stories to future editions of this newsletter, please contact Mr. Paul DiGiacomo in Hong Kong on (852) 2537-9565 or email pdigiaco@bdallc.com.

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