

# ASIAN HEALTH NEWSLETTER

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A Quarterly newsletter of developments in the health industries

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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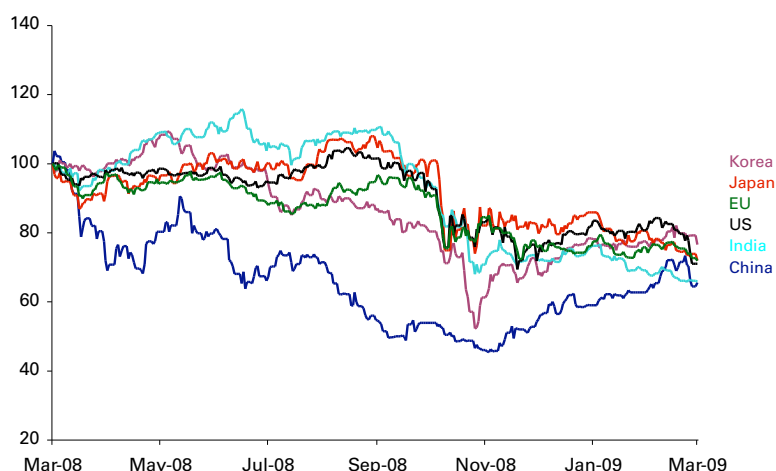
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## Australia

**BioCell Pty Ltd**, a 51%-owned Australian unit of **Cordlife Ltd** specializing in cord blood preservation, has agreed to merge with **Cellsense Pty Ltd**, a biotechnology company, and a wholly-owned unit of **Stirling Resources Ltd** (“SR”). The merged entity was named **Australian Stem Cell HealthCare Pty Ltd**, and is 50%-owned by SR. Details of the merger were not disclosed. *December 29, 2008*

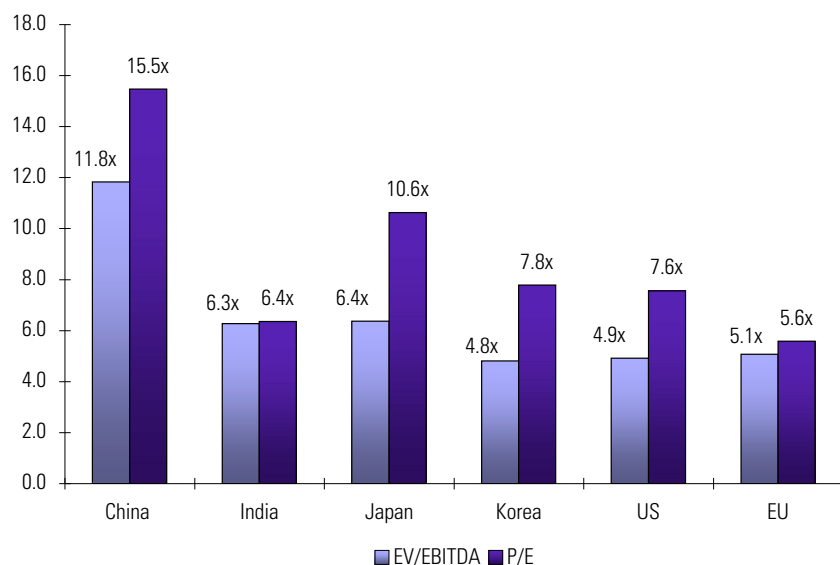
**Cephalon International Holdings Inc** (“Cephalon”), a US-based biopharmaceutical company, made an initial offer for 19.2% of **Arana Therapeutics Ltd** (“Arana”), an Australian listed company, from **Start-up Australia Ventures Pty Ltd** and **Rockwell Securities Ltd** for US\$41m. Subsequently,

Healthcare Stock Indices (12 months ending in Mar 2009)



Source: Bloomberg, BDA

**Healthcare Trading Multiples (Mar 2009)**



Source: Bloomberg, BDA

Cephalon made a general offer for the remaining equity balance for US\$180m. The offer represents a 70% premium to Arana's 90 day weighted average price. Arana, a biopharmaceutical company, was formed by the merger of **Peptech Ltd** and **EvoGenix Ltd** and specializes in the antibody therapeutics sector. *February 25, 2009*

**Progen Pharmaceuticals Ltd** and **Avexa Ltd** have announced a merger agreement. Progen has proposed a share buyback option worth US\$12.7m to be completed prior to the merger. Avexa is an Australian drug-discovery company. Progen Pharmaceuticals Ltd is a NASDAQ-listed biotech focused on the development of small molecule pharmaceuticals for the treatment of cancer. *December 21, 2008*

**Thoratec Corp**, a US-based company that provides circulatory support therapies

and **HeartWare International**, an Australia manufacturer of miniaturized implantable heart pumps, will merge for a total consideration of US\$282m, half in cash and half in Thoratec stock. The new company will provide devices and services for patients with heart ailments. *February 13, 2009*

## China

**The Chinese government** will invest over US\$124bn in its health system in order to provide expanded health coverage and to lay the groundwork for universal coverage. The move follows central government fiscal initiatives to introduce broad fiscal stabilizers that will also act as countercyclical buffers in the event of economic downturns. *January 22, 2009*

**Bayer AG**, the German healthcare, agricultural and performance materials group, is investing US\$129m in a new R&D center in Beijing over the next five years. China represents an important growth prospect for Bayer and is Bayer's third-largest market. In addition to China, Bayer has R&D centers in Germany and the US. *February 12, 2009*

**Chengdu Joint-Wit Pharmaceutical Co** will establish a US\$3m 50:50 bio-pharmaceutical JV with Netherlands-based bio-pharmaceutical company **SU Biomedicine BV**. The JV is expected to help the Chinese company expand its presence in the European market. Chengdu Joint-Wit Pharmaceutical Co is a Chinese manufacturer of Chinese and Western medicines, health foods and herbal extracts. *January 6, 2009*

**Chengxuan International Ltd** has signed an agreement to acquire the High Intensity Focused Ultrasound ("HIFU") business from **China Medical Technologies Inc** ("China Medical"), a Chinese NASDAQ-listed maker of ultrasound and in-vitro diagnostic products, for US\$54m. China Medical intends to use the proceeds to invest in the manufacturing of in-vitro diagnostic ("IVD") systems. Chengxuan International is a majority shareholder of China Medical. *January 7, 2009*

**Chongqing Tongjunge Co**, a Chinese listed producer of pharma products, is acquiring 59% of **Sichuan Tiancheng**

**Pharmaceutical Co**, a Chinese pharma retail chain, from **Sichuan Mianyang Pharmaceutical Group** for US\$10m.

*December 12, 2008*

**General Electric Co** (“GE”) and **Shinva Medical Instrument Co**, a Chinese medical instruments and environmental protection equipment maker, have agreed to form a 49:51 medical equipment JV in China with a total investment of US\$25m. The JV will focus on the development and manufacture of X-ray equipment.

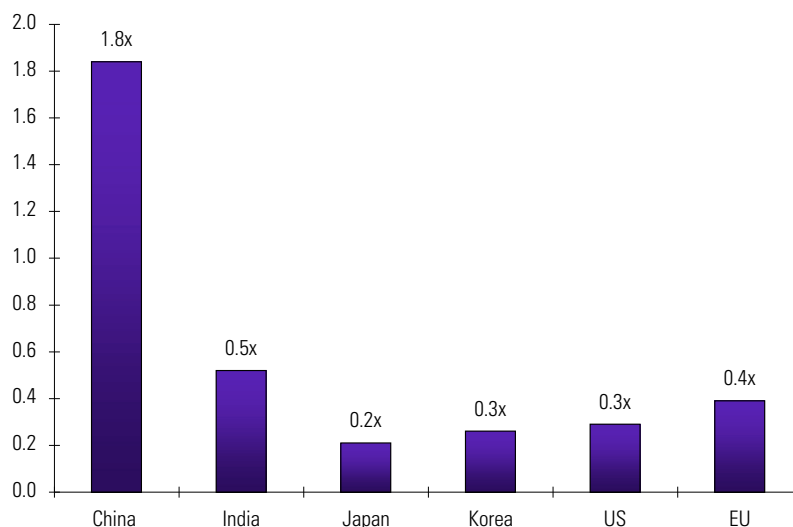
*December 23, 2008*

**Genesis Pharmaceuticals Enterprises Inc**, a US-based pharma company listed on the OTCBB, is acquiring **Hongrui Pharmaceuticals Ltd** from **Shandong Traditional Chinese Medicine College** for US\$16m. The acquisition will be made through Genesis’ wholly-owned subsidiary **Laiyang Jiangbo Pharmaceuticals Co**. US\$10m will be paid in cash and the remainder in stock. The acquisition involves the purchase of assets and the rights to Hongrui’s portfolio of traditional medicines. *January 23, 2009*

**Medtronic Inc**, a US-based medical devices maker, has acquired 15% of **Shandong Weigao Group Medical Polymer Co**, a China-based manufacturer of single-use medical devices and consumables, for US\$221m. *December 18, 2009*

**Shenzhen Accord Pharmaceutical Co**, a Chinese company listed on the Shenzhen stock exchange, is acquiring 75% of **Suzhou Wanqing Pharm Co** for US\$15m.

Healthcare Trading P/R Multiples (Mar 2009)



Source: Bloomberg, BDA

Shenzhen Accord Pharmaceutical Co manufactures Chinese medical materials. Shenzhen Accord sells medical chemical materials, chemical reagents, Chinese medical crops, and antibiotic preparations. *December 30, 2008*

**Shenzhen Neptunus Bioengineering Co** (“Neptunus”) and **Shenzhen Neptunus Health Technology Development Co** have agreed to acquire **Hangzhou Neptunus Bioengineering Co** (“Hangzhou”) from **Shenzhen Neptunus Group Co** and **Shenzhen Neptunus Food Co** for US\$15m. Neptunus is taking a 90% stake in Hangzhou from Shenzhen Neptunus Group Co for US\$13m. Shenzhen Neptunus Health Technology Development Co will purchase the balance of the equity from Shenzhen Neptunus Food Co. Hangzhou Neptunus specializes in producing varieties of soft capsules. *December 31, 2008*

**Shenzhou Pagina-kang Technology Co** (“SP”), a wholly-owned unit of **China Animal Healthcare Ltd**, is acquiring 40% of **Inner Mongolia Biwei Antai Biological Technology Co** (“IM”), an animal drugs manufacturer and wholesaler, for US\$28m. The deal also includes an option to purchase an additional 20% of the IM. *December 22, 2008*

**TaiGen Biotechnology Co**, a privately-owned Chinese pharma company that produces drugs for infectious diseases, has raised US\$37m from **MPM Capital, National Development Fund, Taiwan Global BioFund, Taiwan Sugar Corp, Yao-Hwa Glass Management Commission** and **YFY group**. The funds will be used to increase research and product development. *January 20, 2009*

**Wellpoint**, a US-based health insurer, is selecting Chinese partners for a JV

in the country. Wellpoint provides medical management consulting services in China through **WPMI (Shanghai) Enterprise Consulting and Services Co.** Local health insurance companies are struggling with high operating costs and a lack of a mature set of rules governing the industry, with some starting to sell investment-linked insurance policies to survive. *January 19, 2009*

**Wuhan Jianmin Pharmaceutical Group Co.**, a Chinese company focused on the R&D and manufacture of medicines, is acquiring 55% of **Hubei Holley Zhengyuan Pharmaceutical Co** from **Beijing Holley Jiuzhou Pharmaceutical Co** (“Holley”) for US\$5m. The transaction will allow Holley to divest itself of a non-core division and focus on its core business of biological pharmaceuticals. *December 10, 2008*

**Zhejiang NHU Co.**, a Shenzhen stock exchange listed pharma company that is a 60.5%-owned subsidiary of **Xinchang County Xinhecheng Holding Co.**, has agreed to acquire an additional 6.7% in **Shandong NHU Pharmaceutical Co.**, a pharmaceutical products manufacturer and wholesaler, for US\$15m. This transaction raises Zhejiang NHU’s stake in Shandong NHU to 96.7%. *December 29, 2008*

**Zhejiang Conba Pharmaceutical Co.**, a Shanghai-listed company that specializes in the R&D and production of traditional Chinese medicines, has agreed it sell 31% of **Zhejiang Jolly Pharmaceutical Co.** **Zhejiang Conba Medicine Sales Co.**, a subsidiary of Zhejiang Conba Pharmaceutical Co, will also divest a

6% stakes in Zhejiang Jolly. *December 2, 2008*

## Hong Kong

**Wing Shan International Ltd.**, a listed Hong Kong company and 72.8%-owned unit of **Hensil Holdings Co.**, will acquire **Smartpoint International Ltd.**, a Chinese medicine manufacturer and wholesaler, from **Wu Chiu Kong, Xu Tiefeng and Yang Bin** for US\$40m. US\$10m will be paid in cash with the balance to be issued in stock. *December 5, 2008*

## India

**Apollo Hospitals Enterprise Ltd.**, an Indian hospital chain, has formed a 40:60 US\$6m JV with US-based healthcare group **Quintiles** to set up an initial-stage clinical trial research unit in Hyderabad. *January 31, 2009*

**GlaxoSmithKline** (“GSK”), the UK-based drug major, is reportedly in talks to acquire Indian firm **Piramal Healthcare**. Other bidders for the Indian firm include French pharma group **Sanofi-Aventis**. The India firm is up for sale for an estimated US\$1.5bn. Neither GSK nor Sanofi-Aventis officials have commented on the acquisition talks. However, Piramal Healthcare has issued a statement that media speculation regarding the sale of the firm was “totally unfounded”. Contrary to being acquired, the firm is looking to make acquisitions as one of the alternatives to expand its global

footprint. *February 9, 2009*

**Cadila Healthcare Ltd.**, a Bombay-listed pharma ingredients and dietetic foods maker, has acquired the remaining 30% of **Zydus Pharmaceuticals (USA) Inc** from JV partners for an undisclosed amount. Cadila already held a 70% stake in the JV through its Irish subsidiary. *December 17, 2008*

**Piramal Healthcare Ltd.**, a Bombay-listed company and one of India’s largest pharmaceutical and healthcare companies, is acquiring **Minrad International Inc.**, a US-listed acute care, medical device and pharma company, for US\$40m. Minrad will merge with a newly incorporated wholly-owned subsidiary of Piramal. Piramal will acquire key technology and intellectual property for inhalation anesthetics and will increase its access to the US market. *December 22, 2008*

**Piramal Healthcare Ltd** is acquiring the inhalation anesthetic gas allocation division of **RxElite Inc** for US\$4m. RxElite Inc is a specialty pharma company that develops generic drugs. *January 27, 2009*

**Sysmex Corp** (“Sysmex”), a Japanese medical equipment maker, has acquired the remaining 25% in its JV with **Transasia Bio-Medicals Ltd** in India. The JV, **Sysmex Transasia Bio-Medicals Pvt Ltd**, has been renamed **Sysmex India Pvt Ltd** and will continue to provide high-end analyzers and reagents. Financial details were not disclosed. Sysmex and Transasia have also agreed to establish a new JV,

**Sysmex Transasia Services Pvt Ltd**, to support academic activities in India.

*December 24, 2008*

**Vivimed Labs Ltd**, a Bombay-listed preservatives and anti-microbial products maker, has agreed to acquire **Har-met International Inc**, a US-based importer of pharma and cosmetic ingredients, for an undisclosed amount. *December 22, 2008*

## Japan

Drug major **Daiichi Sankyo Co**, a Japanese company listed on the Tokyo Stock Exchange, has offered to acquire 20% in India-based **Zenotech Laboratories Ltd** for US\$16m. Daiichi Sankyo holds 46.8% of Zenotech Laboratories through **Ranbaxy Laboratories Ltd**. Zenotech Laboratories develops and manufactures generic biopharmaceuticals in the Indian market. *January 17, 2009*

**Daiso Co**, a Japanese company listed on the Tokyo Stock Exchange, which provides technical services and materials to the medical, agriculture and industrial sectors, is acquiring 90% of **Sanyo Fine Co** from the Chairman of Sanyo Fine Co for an undisclosed amount. Sanyo Fine Co is a Japan-based intermediate drug maker. *December 16, 2008*

**Nichii Gakkan Co**, a Japanese medical and nursing care services company, has signed a preliminary agreement to acquire **Duskin Zero Care Co** from

**Duskin Co** (“Duskin”) for an undisclosed amount. Duskin operates in a number of business lines including food and cleaning services. The disposal removes a non-core division from the company’s overall portfolio. *January 8, 2009*

**Otsuka Pharmaceutical Co** has agreed to buy French health-foods maker **Nutrition & Sante** from billionaire Bernard Arnault’s **L Capital** investment fund and **Abenex Capital**. The acquisition amount was not disclosed. Nutrition & Sante makes functional and dietetic foods and owns brands such as Gerble, Gerlinea, Milical and Cereal Bio. The acquisition will provide Otsuka with access to the European market. *January 8, 2009*

**Sapporo Clinical Laboratory Inc**, a Japanese clinical testing and pharma products dispensing company, is acquiring **Actec**, which markets medical test equipment from **Yuji Takahashi**. The acquisition amount was not disclosed. Actec had a turnover of US\$16m in 2008. *January 26, 2009*

**Takeda Pharmaceutical Co**, a Japanese research company that focuses on pharmaceuticals, will repurchase 1.35% of its common stock for US\$530m, valuing the company at US\$39.3bn. The repurchase is aimed at improving capital efficiency and to increase value to its existing shareholders. *November 26, 2008*

**Teijin Pharma**, a Japanese drug maker, is

forming a 50:50 JV with Spanish pharma company **Laboratorios Esteve** to enter into the European home respiratory therapy market. The JV, **Esteve Teijin Healthcare SL**, will acquire all the shares Esteve holds in **Oximeplus**, a Spanish home respiratory therapy services provider. *December 31, 2008*

**Toho Pharmaceutical Co**, a Japanese producer of advanced technology equipment, is acquiring **Omwel Corp** from **Shionogi & Co**, a Japanese company that specializes in cardiovascular and metabolic diseases, infectious diseases and immunological disorders, for an undisclosed amount. *January 1, 2009*

**Toshiba Medical Systems Corp** (“Toshiba Medical”), a Japanese provider of diagnostic medical imaging systems, has acquired the **Advanced Visualization Imaging System** division (“AVIS”) of **Barco NV**, a global technology company. The acquisition was made through Toshiba Medical’s subsidiary **Toshiba Medical Visualization Systems Europe** for an undisclosed amount. AVIS develops 3D visualization software and medical imaging. *February 2, 2009*

## Korea

**Daewoong Co** has agreed to acquire **Daewoong Bio Inc**, a Korean pharmaceutical raw materials maker, from **Daewoong Pharmaceutical Co**, a Korean prescription drug company, for

US\$48m in stock. *December 30, 2008*

**Mecca Forum Co**, a diversified company with operations in entertainment and medical containers, will acquire 27% of **Woori Pharmaceutical Co**, a Korean prescription drug company, for US\$6m.

*January 8, 2009*

## Pakistan

**Beximco Pharmaceuticals**, a Bangladeshi pharma company produces branded

generics, has agreed to a private placement of shares with **GEM Global Yield Fund Ltd**, a US-based private investment group, for US\$63m. The company will also issue 2.5m warrants as part of the transaction. *January 27, 2009*

**GlaxoSmithKline plc**, the London Stock Exchange listed pharma company, is acquiring **Bristol-Myers Squibb Pakistan (Pvt) Ltd** from **Bristol-Myers Squibb Co**, the NYSE listed pharma company, for US\$37m in cash. Bristol-Myers Squibb Pakistan had revenues of US\$19m in

2007. *December 22, 2008*

### Selected Asian Healthcare Transactions with Multiples (12 months ending in Mar 2009)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
27-Feb-09	Arana Therapeutics	AU	Cephalon Inc	US	\$59.0	100% ACQ	12.5x	N.A.	3.3x
10-Oct-08	Alfresa Holdings Corp	JP	Mediceo Paltac Holdings	JP	\$1,323.0	100% ACQ	4.4x	0.1x	13.5x
10-Sep-08	Sciele Pharma Inc	JP	Shionogi & Co Ltd	US	\$1,204.0	Merger	11.4x	3.2x	24.8x
7-Jul-08	Health Trends Medical	SI	Albedo	SI	\$294.0	100% ACQ	-	10.2x	-
30-Jun-08	Taro Pharmaceutical	IN	Alkaloida Chemical	IN	\$185.0	65.6% ACQ	-	0.9x	13.4x
11-Jun-08	Ranbaxy Laboratories	IN	Daiichi Sankyo Company	JP	\$4,625.0	60.6% ACQ	30.4x	6.3x	59.8x
5-Jun-08	Core Healthcare Investment	HK	Hong Kong Health Check and Laboratory Holding	HK	\$125.0	88.7% ACQ	-	-	-
30-May-08	Braden Partners LP	US	Teijin Limited	JP	\$114.0	100% ACQ	-	0.9x	-
23-May-08	Chugai Pharmaceutical Co	JP	Roche Pharm Holding	Netherlands	\$922.0	9.8% ACQ	11.9x	2.8x	25.5x
14-May-08	Wah Cheong Development	HK	Famestep Investment	BVI	\$60.0	100% ACQ	-	14.2x	14.3x
30-Apr-08	Parkway Holdings Ltd	SI	Khazanah Nasional	Malaysia	\$390.0	16.4% ACQ	9.3x	4.0x	-
10-Apr-08	Millennium Pharmaceuticals	JP	Takeda Pharmaceutical	US	\$7,659.0	100% ACQ	223.0x	14.5x	500.0x
4-Apr-08	Draxis Health Inc	CA	Jubilant Organosys	IN	\$229.0	100% ACQ	28.7x	2.9x	150.0x
31-Mar-08	Bremer Pharma	GE	RFCL Limited	IN	\$75.0	100% ACQ	-	7.5x	-
11-Mar-08	The Goodwill Group Inc	JP	Promontoria Investment	US	\$194.0	16.5% ACQ	21.8x	0.7x	-
25-Feb-08	Criticare Systems	US	Packer Acquisition	IN	\$62.0	100% ACQ	143.3x	2.0x	183.3x
12-Feb-08	Biofermin Pharmaceutical	JP	Taisho Pharmaceutical	JP	\$175.0	56.9% ACQ	15.8x	4.3x	36.6x
19-Dec-07	Qi Jie Yuan Medicine	HK	China Healthcare Inc	CH	\$72.0	69% ACQ	-	-	23.9x
18-Dec-07	Weigao Group Medical Polymer Co	CH	Medtronic Inc	US	\$221.0	15% ACQ	44.9x	14.5x	61.8x
10-Dec-07	MGI Pharma Inc	US	Eisai Co Ltd	JP	\$3,403.0	100% ACQ	-	9.9x	-

Source: Mergermarket, BDA

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions, divestments 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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