

HEALTHCARE SECTOR BULLETIN

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QUADRIA
CAPITAL

HEALTHCARE SPOTLIGHT

Unprecedented Global Consolidation Of The Healthcare Industry

Just within the last couple of weeks, healthcare megadeals totaling more than US\$200 billion have dominated global headlines amidst a challenging business climate. Some of these notable transactions include:

- Teva's offer to acquire Cipla, the India-based drug manufacturer for US\$6 billion
- Sun Pharmaceuticals announcement to acquire Ranbaxy Laboratories for US\$3.2 billion
- Bayer AG agreed to acquire the consumer care business of Merck & Co. for US\$14.2 billion
- Zimmer Holdings agreed to acquire Biomet for US\$13.35 billion to create the leading medical technology company in the world. This deal is touted to be the biggest medical device deal since the 2012 Johnson & Johnson acquisition of Synthes for US\$21.3 billion
- Novartis and GlaxoSmithKline's US\$20 billion asset swap offer to strengthen their core business and market leadership
- Valeant Pharmaceutical's US\$46 billion hostile bid to acquire Botox-maker Allergan
- Pfizer's announcement of a US\$99 billion deal to acquire AstraZeneca
- Actavis' bid to buy Forest Laboratories for US\$25 billion

Megadeals aside, numerous mid-market deals have also sprouted across the globe and continues to be the case. For example, Denmark based H. Lundbeck has agreed to acquire Chelsea Therapeutics (US-based biopharmaceutical company developing products for the treatment of Rheumatoid Arthritis, Psoriasis and other inflammatory conditions) for US\$542 million and Medtech Products agreed to acquire Insight Pharmaceuticals (US-based manufacturer and distributor of OTC products) for US\$750 million.

While the majority of healthcare megadeals remain dominated by the US and Europe, the shift in the global centre of gravity for healthcare to Asia and its increasing importance as the world's engine for growth, is likely to spur greater dealmaking and consolidation in the region. In particular, emerging Asian economies such as India, China and Southeast Asia continue to offer a great deal of growth and development potential. For instance, Actavis recently announced that it has acquired Silom Medical Company, a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for US\$100 million.

Key Driving Forces

The rapid consolidation witnessed in the healthcare industry can be attributed to a myriad of factors differing across industry sub segments and geographies. However, the fundamental driver is the need to build scale and defend market share amidst a highly competitive environment.

Pharmaceuticals

In the pharmaceuticals space, numerous drug companies have begun reshaping themselves and turned towards specialization, which is a reversal from a trend several years ago that saw companies pushing to diversify. Pharma companies are selling noncore assets and acquiring companies and products in an effort to build a franchise in a particular disease or patient group. For example, Valeant Pharmaceuticals have built a successful acquisition strategy targeted at strengthening its dermatology business, most recently in its bid for Botox-maker Allergan, and have seen its market value jump from US\$3 billion in 2010 to almost US\$44 billion today.

Faced with a steep patent cliff, companies have buttressed their internal innovation efforts while keeping their eyes out for potential acquisition opportunities. Some examples include Pfizer's bid for AstraZeneca to gain access to its pipeline of cancer immunotherapies and Sun Pharma's bid for Ranbaxy to tap on the latter's portfolio of Abbreviated New Drug Applications and first-to-file opportunities in the US market. In addition, M&A has also proven itself to be an effective way to consolidate sales channels to defend market position as well as to amass resources to create the next blockbuster product in the face of rising drug development costs and high rate of failure.

Strategic reasons aside, increased consolidation in the pharma industry can also be attributed to potential operational and cost synergies as well as tax savings. For example, Valeant's bid for Allergan is expected to generate potential cost savings of US\$2.7 billion for the combined entity while Pfizer's bid for AstraZeneca is likely to result in significant tax savings by re-establishing its headquarters in the UK where tax rates are lower than the US.

Medical Technology

Similarly in the medical technology space, consolidation has been largely driven by competitive pressures and the need to pool resources to solidify market leadership within a target segment. For example, Zimmer's acquisition of Biomet to position the combined company as a leader in the US\$45 billion musculoskeletal industry.

Other recent deals in this sector include Smith & Nephew's acquisition of Adler Mediequip as an entry point into the mid-tier market in India as well as Stryker Corp's acquisition of Trauson Holdings and Medtronic's acquisition of China Kanghui Holdings, both aimed at increasing their foothold in the Chinese market.

Healthcare Delivery

Although there has not been many deals done in the healthcare delivery space of late, reimbursement pressures, declining bed counts and less acute care in the developed markets are driving hospital operators to look abroad for growth opportunities. HCA Holdings, the largest for-profit U.S. hospital chain for example, has recently put in a US\$5 billion bid for Australian healthcare provider, Healthscope, which has operations in Australia, New Zealand, Singapore and Malaysia.

Focus On Emerging Asia

While the developed healthcare markets continue to undergo rapid consolidation, less developed healthcare markets, such as those in emerging Asia, remain highly fragmented. This presents an attractive opportunity for investors to leverage their resources,

capabilities and expertise in deal financing, restructuring, management and acquisition, and play a critical role in the healthcare industry's transition from fragmentation to scale and growth.

Furthermore, the sheer size of demand for healthcare in Asia, driven by irreversible trends such as rising affluence and rapidly growing non-communicable disease burden, coupled with the lack of existing healthcare infrastructure, is turning the region into one of the most attractive long term investment propositions.

Despite its attractiveness, key challenges such as the lack of financial transparency, volatility from sociopolitical uncertainty and policy changes, local competition, cultural differences and quality concerns remain. Acquirers need to understand these market nuances and manage them actively to ensure long term success. Furthermore, acquirers should focus on creating long term value for the company whether it is improving the company's market position, gaining first-mover advantage in a region or driving significant value improvements over time.

HEALTHCARE TRENDS & IMPACT STORIES

Country: India

Headline: **Foreign doctors train in Kolkata hospitals**

Summary: A reverse brain-drain has left the city's medical community pleased and acted as an affirmation of the standard of treatment in Kolkata. Around a dozen medical students and doctors from abroad are now training at various private hospitals in the city.

Most of them are learning the nuances of cardiac surgeries, which have seen a dip in number across Europe. Some are training in oncology, gastroenterology and a few other disciplines as well.

Three medics from Europe and Africa are now training at the Medica Superspecialty Hospital. They have been attached with the hospital for more than six months now and will train for several months more. While one is from the UK, the other two are from Nigeria and Egypt. All the three foreign doctors at Medica are training under Kunal Sarkar, senior vice-chairman of Medica and a cardiac surgeon. The hospital trains around three-four foreign trainees every year, including one from the UK. It will soon have one from Iran.

Link: <http://timesofindia.indiatimes.com/city/kolkata/Foreign-doctors-train-in-Kolkata-hospitals/articleshow/34938374.cms>

Country: Indonesia

Headline: **Indonesia eases foreign investment rules, opens up pharma industry**

Summary: Indonesia eased its foreign investment regulations for several industries, including pharmaceuticals, power plants and advertising, amid signs of weakening investor appetite in Southeast Asia's biggest economy.

Foreign investment growth in the first quarter slowed to its lowest level in nearly five years following a government ban in January on mineral ore exports. The ban raised investor concerns over increasingly nationalistic policies.

But in a reform that should ease some of that concern, the cabinet secretary's office, after months of delays, issued a revised "negative investment list" of sectors in which foreign investors are either barred or restricted.

Under the investment policy, the government increased the maximum foreign investment in pharmaceutical companies to 85 percent from 75 percent, and in advertising agencies to 51 percent from 49 percent. The changes were effective from April 24, the cabinet secretary's office said.

Link: <http://www.reuters.com/article/2014/05/02/indonesia-economy-investment-idUSL3N0NO2YK20140502>

Country: Global

Headline: **Investors Pouring More Into Impact Investments**

Summary: Institutional investors expect to commit 19% more capital to impact investments in 2014 than they did last year, according to a recent survey by J.P. Morgan and the Global Impact Investing Network.

The survey found that respondents collectively managed \$46 billion in impact investments, 70% of which was invested in emerging markets and 30% in developed markets. Investors said they were chiefly motivated to make impact investments by responsibility, efficiency and client demand. However, shortage of quality deals and lack of appropriate capital remained their top challenges.

According to the survey, 95% of respondents reported that they used metrics to measure the social and/or environmental impact of their investments. And more than two-thirds said standardized impact metrics were important to the growth of impact investing

Link: <http://www.thinkadvisor.com/2014/05/07/investors-pouring-more-into-impact-investments>

Country: Emerging Markets

Headline: **Investing in mothers key to reducing disaster impact in Asia**

Summary: Maternal deaths and child mortality in the most challenging parts of the World can be dramatically cut when efforts are made to improve services for mothers and children, Save the Children reveals in new research.

Since 2000 Afghanistan, Bangladesh, and Nepal have each cut maternal death rates by around two thirds, while China has cut maternal mortality by almost half, according to the aid agency's State of the World's Mothers index.

Link: <http://www.scoop.co.nz/stories/WO1405/S00038/investing-in-mothers-key-to-reducing-disaster-impact-in-asia.htm>

HEALTHCARE SECTOR NOTABLE TRANSACTIONS

Country: Singapore
 Headline: ***KV Asia Capital acquires Orange Valley, a leading nursing home provider in Singapore***
 Summary: Orange Valley, the Singapore-based nursing home provider, has been acquired by KV Asia Capital, noted a company press release. Private equity firm KV Asia Capital (“KV Asia”), through its related investment vehicle Eldercare Holdings Pte. Ltd. (“Eldercare Holdings”), has acquired 100% equity interest in Orange Valley Healthcare Pte. Ltd. and its subsidiaries (“Orange Valley”), Singapore’s leading nursing home provider.

Founded in 1993, Orange Valley is a leading provider of quality nursing care in Singapore. It offers nursing home services, home care services and ambulance services, and has 20 years of operational experience with nursing homes. Orange Valley owns and operates six nursing homes in Singapore which are conveniently located within the vicinity of full-fledged hospitals and housing estates. As of May 2014, Orange Valley has c.1000 nursing home beds and employs over 500 staff in Singapore.

Links: <http://www.kvasiacapital.com/kv-asia-capital-acquires-orange-valley-a-leading-nursing-home-provider-in-singapore/>

Country: Qatar
 Headline: ***Qatar’s QIA Said to Plan Health-Care Company Investment***
 Summary: The Qatar Investment Authority, which controls more than \$100bn of assets including stakes in banks including Barclays and Credit Suisse Group, plans to start a fund to invest in healthcare companies, two people with knowledge of the matter said.

The sovereign wealth fund is in talks to appoint a financial adviser to assist with the process. The QIA is seeking to profit from growth prospects in the healthcare industry and also diversify its investments, though the size of the fund has not yet been decided.

Links: <http://www.gulf-times.com/Mobile/Eco.-Bus.%20News/256/details/389660/QIA-said-to-plan-fund-to-invest-in-healthcare-companies>

TRANSACTION NEWS

Headlines	Summary
<p><i>Tsingtao Bioforce-Aid Technology Co interested in JV for enzyme manufacturing in central Europe (Source: Mergermarket)</i></p>	<p>Tsingtao Bioforce-Aid Technology Co. (TBATC), the Chinese manufacturer of biotechnology products, is interested in establishing a manufacturing joint venture company in central Europe, company President and General Manager Zhu Hai said. TBATC is interested in finding a JV partner involved in similar or complementary product lines as itself, to manufacture nutrient products or biomedical enzymes to supply European markets</p>
<p><i>Zhejiang Hisoar Pharmaceutical to buy Taizhou Qianjin Chemical for about CNY 1.89bn (Source: Shenzhen Stock Exchange)</i></p>	<p>Zhejiang Hisoar Pharmaceutical (Hai Xiang Yao Ye) [002099.SZ], a Zhejiang, China-based, listed pharmaceutical company, said in a stock exchange announcement that it plans to buy a 100% stake in Taizhou Qianjin Chemical (Qian Jin Hua Gong) for about CNY 1.89bn (USD 303m).</p>
<p><i>Cadi Scientific may seek strategic investors to diversify customer base (Source: Mergermarket)</i></p>	<p>Cadi Scientific, a privately held, Singapore-based medical devices manufacturer, may seek strategic investors that can help it enter new segments to diversify its customer base. It could be interested in an investor with strong regional hospital networks or an IT service provider that caters to hospitals.</p>
<p><i>Bioton and SciGen to sell 50.01% in SciGen BioPharma to Anglo Gulf (Source: Warsaw Stock Exchange)</i></p>	<p>Bioton, the listed Polish biotechnology company, has announced the signing of an agreement to sell a 50.01% stake in the Indian unit SciGen BioPharma Pvt Ltd (SciGen Indie) to Anglo Gulf Ltd.</p>
<p><i>Japan private equity upbeat as deals flow on founder exits and renewed inbound push (Source: Mergermarket)</i></p>	<p>A solid pipeline comprising founder-backed exits, renewed inbound acquisition interest, secondary transactions, and potential non-core divestitures on market optimism are all contributing to an uptick in deal flow. Experts noted that younger founders do not have the post-war mentality many of the older founders may have, CLSA's Kiyozuka said. Founders in their 60s to 70s, who often view the business as an extension of themselves, primarily have companies in the manufacturing segment while the new breed of founders operate in IT, internet, consumer, and services</p>
<p><i>Kunming Pharmaceutical to launch M&A fund with no less than USD 80m (Source: Shanghai Stock Exchange)</i></p>	<p>Kunming Pharmaceutical (Kun Ming Zhi Yao) [600422.SH], a Yunnan, China-based, listed pharmaceutical company, said in a stock exchange announcement dated 24 April that its board has approved a plan to set up a pharmaceutical merger and acquisition (M&A) fund with a total investment of no less than CNY 500m (USD 80m). The M&A fund will be formed by Kunming Zhibo Investment Partnership (Limited Partnership) (Zhi Bo Tou Zi) which will be founded by Kunming Pharmaceutical and its executives, and Ping'an Caizhi Investment Management (Ping An Cai Zhi) and its subsidiary. Kunming Pharmaceutical and Kunming Zhibo Investment Partnership will contribute CNY 95m and CNY 5m to the M&A fund, respectively.</p>
<p><i>Mayinglong Pharmaceutical to form CNY 300m JV with China Baoan Group</i></p>	<p>The board of Mayinglong Pharmaceutical (Ma Ying Long) [SHE: 002723], a Hubei, China-based pharmaceutical company, has approved a plan to set up a joint venture (JV) with Chinese real estate developer China Baoan Group (Zhong Guo Bao An) [SHE: 000009], according to a stock exchange announcement. The JV will be named Shenzhen Baolitong</p>

Microcredit and offer financial services with a registered capital of CNY 300m (USD 48m). Mayinglong Pharmaceutical will invest CNY 87m and hold a 29% stake in the JV while China Baoan Group will contribute CNY 213m to the JV and hold a 71% stake.

Nippon Mirai Capital looking to raise JPY 20bn for new NMC III fund by early 2015 (Source: Mergermarket)

Nippon Mirai Capital (NMC), the Tokyo, Japan-based private equity firm, is looking to raise JPY 20bn (USD 200m) for its new NMC III fund by early 2015, a source familiar with the situation said. It started marketing for the new fund in March, adding that it is aiming for a first close of about JPY 10bn in August. NMC is aiming for a final close early next year.

Wuhan W.E.O. Science and Technology Development files CNY 204m IPO application with CSRC (Source: CSRC)

Wuhan W.E.O. Science and Technology Development (Wu Han Zhi Xun Chuang Yuan Ke Ji Fa Zhan) has filed a ChiNext IPO application on Shenzhen Stock Exchange with the China Securities Regulatory Commission (CSRC), according to the company's IPO application documents preliminarily disclosed on 6 May.

Chindex enters JV regarding Guangzhou United Family Hospital (Source: Chindex press release)

Chindex International, Inc. [NASDAQ: CHDX] ("Chindex" or the "Company"), an American healthcare company providing healthcare services in China through the operations of United Family Healthcare ("UFH"), a network of private hospitals and affiliated ambulatory clinics, signed an agreement today with the Guangdong Provincial Hospital of Traditional Chinese Medicine ("Guangdong Provincial TCM Hospital") to establish a joint venture company that will operate the full-service, international-standard Guangzhou United Family Hospital ("GZU") already under construction in downtown Guangzhou, China. The Hospital is scheduled to complete construction and open in early 2016.

Chindex is the target of a buyer consortium (the "Buyer Consortium") comprised of an affiliate of TPG, Fosun Industrial Co., Limited, which is an affiliate of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.,

KIMS 35% stake being eyed for purchase by IFC and ICICI Venture for combined USD 41.57m (Source: The Economic Times)

International Finance Corporation (IFC), an arm of the World Bank, and ICICI Venture are now both in advanced talks for buying a combined 35% stake in Krishna Institute of Medical Sciences (KIMS), an Indian health services provider, The Economic Times reported. According to the report, IFC and ICICI Venture are in talks to buy the combined 35% stake in KIMS for an estimated INR 2.5bn (USD 41.57m). Citing a source with knowledge of the development, the report noted that ICICI Venture is looking to acquire a 20% stake from Quadria Capital Investment Advisors and another 7%-8% stake from smaller shareholders in KIMS. Meanwhile, IFC is engaged in talks with KIMS about subscribing to a primary share issue for an estimated 7%-8% stake.

Orange Valley acquired by KV Asia Capital (Source: KV Asia press release)

Orange Valley, the Singapore-based nursing home provider, has been acquired by KV Asia Capital, noted a company press release. Private equity firm KV Asia Capital ("KV Asia"), through its related investment vehicle Eldercare Holdings Pte. Ltd. ("Eldercare Holdings"), has acquired 100% equity interest in Orange Valley Healthcare Pte. Ltd. and its subsidiaries ("Orange Valley"), Singapore's leading nursing home provider.

Orange Valley owns and operates six nursing homes in Singapore which are conveniently located within the vicinity of full-fledged hospitals and housing estates. As of May 2014, Orange Valley has c.1000 nursing home beds and employs over 500 staff.

<i>Health Solutions spinoff unlikely as part of Medibank IPO (Source: Australian Financial Review)</i>	The federal government in Australia is likely to abandon plans to spin off Health Solutions, the health services subsidiary of Medibank Private, before Medibank's AUD 4bn (USD 3.7bn) initial public offering.
<i>HCA emerges as lead contender to buy Healthscope (Source: The Australian)</i>	HCA Holdings, the US-based hospital owner, is leading the race to acquire Healthscope, the Australian hospital operator. The paper said that HCA is thought to have beaten rival bidders, including China's Fosun and IHH. However, the paper noted that Healthscope's owners, TPG and The Carlyle Group, could still choose to pursue an IPO, rather than a trade sale.
<i>Aster DM Healthcare to receive INR 4bn investment from India Value Fund, Olympus Capital ahead of planned listing within one year (Source: The Times of India)</i>	<p>Aster DM Healthcare, the third largest India-based healthcare company, is in the process of receiving an INR 4bn (USD 66.5m) investment from the private-equity players India Value Fund and Olympus Capital ahead of a planned listing within a year. Aster DM Healthcare is valued at INR 76bn overall in the latest round of investment and, through the deal, India Value Fund and Olympus Capital will increase their holding in Aster DM Healthcare from 37% to 42%.</p> <p>Earlier this year, Aster DM Healthcare had acquired Clinica Manila, a chain of 10 clinics in Philippines and Orange Pharmacy, a pharmacy network of 13 centers in Jordan as part of its strategy to build a transnational Asian network.</p>
<i>Denty's raises INR 270m Series A funding from Helion (Source: Yourstory.in)</i>	Helion Venture Partners, an India-focused investment fund, has invested INR 270m (USD 4.5m) in a Series A funding round for Denty's, an Indian dental care chain, Yourstory.in reported. Sanjeev Aggarwal, Helion's senior managing director, was cited. Denty's Managing Director Sekhar Cennupati also confirmed the closing of a Series A funding deal with Helion, which according to the paper is the first institutional investor in Denty's. The company will use the funds to expand across India and increase its clinics to 150 within five years.
<i>Monash Group to bring non-deal roadshow to test IPO interest this week (Source: Australian Financial Review)</i>	Monash Group, the Australian IVF business, will begin a non-deal roadshow to gauge investor interest in an AUD 400m (USD 370m) IPO this week, the Australian Financial Review reported.
<i>Delphi Healthcare Research Institute acquired by Irene Healthcare (Source: VCCircle)</i>	Delphi Healthcare Research Institute, an Indian hospital in South Delhi majority owned by Umesh Gupta, has been acquired by Irene Healthcare, an Indian healthcare services startup based in Delhi.
<i>Kingworld Medicine to acquire 55% of Shenzhen Dong Di Xin Technology Company Limited (Source: HK Stock Exchange)</i>	Kingworld Medicine Group, the China-based, Hong Kong-listed health and medical products distributor, announced that it has signed an agreement of intent for the proposed acquisition of a 55% stake in Shenzhen Dong Di Xin Technology Company Limited. Shenzhen Dong Di Xin Technology Company Limited, incorporated in China, is principally engaged in the research and development, manufacturing and sales of electrotherapeutic and physiotherapeutic devices and general medical examination devices. The consideration for the proposed acquisition will be 55% of Shenzhen Dong Di Xin Technology Company Limited's adjusted value, which is CNY 364m (USD 58m).

<p><i>Xian Kaiyuan Holding to expand medical services business via M&A in next three years (Source: Aastocks)</i></p>	<p>Xian Kaiyuan Holding [Kai Yuan Tou Zi; SZ: 000516], a China-based listed investment company, is mulling to expand its medical services business via M&A, trusteeship, cooperation, etc in the next three years. The listed company plans to do so via Xi'an Gaoxin Hospital [Gao Xin Yi Yuan], a company acquired by the listed company in 2011 for CNY 297m (USD 47m).</p>
<p><i>Alliance Dental Care in discussions to form JV, buy local dentist (Source: VCCircle)</i></p>	<p>India-based Alliance Dental Care is in discussions to form a JV and also buy a local dentist. Alliance Dental Care, which is a 30:70 JV of the India-based Triviron Group and Apollo Hospitals Enterprise, will also need between INR 2.5bn (USD 41.2m) and INR 3bn for a planned second expansion round beginning next year, and may consider external fundraising for it.</p>
<p><i>Haier Medical and Laboratory Products 64% stake disposed by Qingdao Haier (Source: Shanghai Stock Exchange)</i></p>	<p>Qingdao Haier [Qing Dao Hai Er, 600690.SH], a China based electrical appliance maker, has signed an agreement on 26 April to sell a total of 63.7805% in Haier Medical and Laboratory Products [Hai Er Te Zhong Dian Qi] to Qingdao Haier Venture Capital, Beijing Carlyle Investment Center and VIVO Capital for CNY 523m (USD 83.6m).</p>
<p><i>Azure Healthcare receives indicative takeover proposal (Source: ASX)</i></p>	<p>Azure Healthcare Limited [ASX: AZV], an Australia-listed health equipment group, advised that it has received a preliminary, incomplete, indicative, conditional and non-binding proposal to acquire all of the issued capital of Azure pursuant to either a scheme of arrangement or off market takeover which is required to be unanimously recommended by the Azure Board.</p>
<p><i>Dr Ramesh Cardiac and Multispeciality Hospital in acquisition discussions with two hospitals of medium size (Source: VCCircle)</i></p>	<p>India-based Dr Ramesh Cardiac and Multispeciality Hospital is in acquisition discussions with two hospitals of medium size in Andhra Pradesh, the company's home state. The two hospitals have a bed capacity of between 100 and 200 and are in Andhra Pradesh's Seemandhra region, the article cited Kiran as saying. Dr Ramesh Cardiac and Multispeciality Hospital registered an INR 650m (USD 10.7m) revenue in FY13.</p>
<p><i>Wesfarmers' rumored interest in Healthscope may have been overblown (Source: The Australian)</i></p>	<p>Talk of Wesfarmers' interest in Healthscope, the Australian hospital business, may have been exaggerated, The Australian reported. Wesfarmers made site visits and took part in presentations to consider an offer for Healthscope, however, unnamed sources said its interest didn't go beyond early investigations and the market rumors of it bidding were overblown.</p>
<p><i>Hua Xia Healthcare's substantial shareholder sells 29.65% stake for USD 12.4m (Source: HK Stock Exchange)</i></p>	<p>Hua Xia Healthcare [Hua Xia Yi Liao], the Hong Kong-listed healthcare services provider, announced that its substantial shareholder has signed an agreement to sell approximately 29.65% of the existing total issued ordinary share capital of the company for HKD 96.1m (USD 12.4m). The agreement is unconditional and is signed and completed simultaneously.</p>
<p><i>Hanwha shortlists five qualified bidders for Dream Pharma sale (Source: Maeil Business)</i></p>	<p>Hanwha Group, the South Korean chemical company, has shortlisted five companies as qualified bidders in the sale of its generic development unit Dream Pharma.</p> <p>The sale of Dream Pharma has drawn interests from Sanofi, Hahn & Company, and KTB Private Equity. Sanofi Aventis, a France-based pharmaceutical company, later announced that it is not planning to bid for Dream Pharma, the wholly-owned generic pharmaceuticals unit of Hanwha Chemical [KRX: 009830], company spokesperson Minkyung Lee told this news service. It reviewed the target after receiving teasers but its interest has faded.</p>

<p><i>Asymchem Laboratories (Tianjin) expects to raise CNY 644.65m via Shenzhen IPO (Source: CSRC)</i></p>	<p>Asymchem Laboratories (Tianjin) [Kai Lai Ying], a Tianjin-based, privately held pharmaceutical products R&D company, is expecting to raise CNY 644.65m (USD 103.36m) via an initial public offering on the Shenzhen Stock Exchange.</p>
<p><i>Jiuzhou Pharmaceutical files USD 143m Shanghai IPO application with CSRC, China Merchants Securities acting as sponsor/lead underwriter (Source: CSRC)</i></p>	<p>Jiuzhou Pharmaceutical [Jiu Zhou Yao Ye], a Zhejiang-based pharmaceutical company, has filed its Shanghai IPO application with the China Securities Regulatory Commission (CSRC); China Merchants Securities is the IPO sponsor/lead underwriter.</p>
<p><i>Gansu Longshenrongfa Pharmaceutical Industry expects to raise USD 50m via ChiNext IPO (Source: CSRC)</i></p>	<p>Gansu Longshenrongfa Pharmaceutical [Long Shen Rong Fa], a privately held Chinese pharmaceutical company, is expecting to raise CNY 311.88m (USD 50.01m) via an initial public offering on ChiNext; China Dragon Securities to act as the sponsor/lead underwriter. According to the company filing on the CSRC website tonight, it plans to sell up to 21.67m shares or a 25% stake in the company. The size of new shares to be sold will range between 14.85m and 21.67m.</p>
<p><i>Meda CEO ramps up acquisition focus (Source: Mergermarket; Dagens Industri)</i></p>	<p>Meda's [STO:MEDA-A] CEO, Jorg-Thomas Dierks, said the Swedish pharmaceutical company will increase its strategic focus on large acquisitions.</p> <p>Meda late last month said it had rejected an approach from Mylan. It did not at the time confirm the terms proposed by the US-based rival, but according to the Financial Times the renewed approach was an all-stock deal worth SEK 145 per share. According to analysts, a tax-inversion is likely among Mylan's motives for acquiring Meda. Tax inversion deals allow US companies to pay the lower corporate tax rate of the target's jurisdiction. If the US buyer's shareholders hold less than 80% of the enlarged entity, it can generally shift its tax status to the target's country. But to achieve this, Mylan would have to offer stock as part of the deal.</p> <p>Meda, the Swedish, pharmaceuticals company, may end up being the subject of a bidding war, Dagens Industri reported. This comes after reports on Friday saying that US-based Mylan has now offered SEK 145 (EUR 15.9) per share for Meda. The Swedish business daily cited an unnamed source who said a bidding war may occur for Meda but added that nothing specific has occurred as yet to indicate it. The paper pointed at Valeant as a possible bidder for Meda, especially considering the Canadian company's new incoming board member, Meda's ex-CEO Anders Lonner. The paper added, however, that Valeant made a USD 45bn offer for California-based Allergan last week which could reduce the possibility of an offer for Meda. The article also noted that the Indian Sun Pharma and unnamed Chinese players could be possible bidders for Meda.</p>
<p><i>Zhejiang Shapu Aisi's Shanghai IPO plan approved by CSRC (Source: CSRC)</i></p>	<p>The Shanghai IPO plan of Zhejiang Shapu Aisi [Sha Pu Ai Si Yao Ye], a privately-held, Zhejiang-based pharmaceutical company, has been approved by the China Securities Regulatory Commission (CSRC). Shapu Aisi plans to sell up to 16.35m new shares and its existing shareholders plan to sell up to 8m shares via the IPO, with the aim of raising CNY 306.73m (USD 49.09m) to fund production, marketing and business expansion projects.</p>

Luyan (Fujian) Pharma files CNY 636.3m Shenzhen IPO application with CSRC (Source: CSRC)

Luyan (Fujian) Pharma [Lu Yan Fu Jian Yao Ye], a privately held pharmaceutical distribution company, has filed its Shenzhen IPO application with the China Securities Regulatory Commission (CSRC), according to a company filing on the CSRC website on 6 May. The filing said the company plans to sell up to 32.05m shares or no less than a 25% stake, with the aim of raising CNY 636.3m (USD 102.16m). Of the IPO proceeds, CNY 348.3m will be invested in the distribution center construction, CNY 80m in retailer chain business expansion and CNY 208m will be used to replenish the working capital of the company.

Astrazeneca Pharma India will seek shareholders' approval for voluntary delisting (Source: BSE)

AstraZeneca Pharma India Ltd has informed BSE that the Board of Directors of the Company at its meeting held on May 05, 2014, inter alia, has approved seeking approval of shareholders of the Company through Postal Ballot for the voluntary delisting of equity shares of the Company proposed by AstraZeneca Pharmaceuticals AB, Sweden, Promoter of the Company. AstraZeneca Pharma India has a 25% public float and the remaining 75% stake is held by its parent, AstraZeneca Pharmaceuticals AB.

CITIC-CP Asset Management, Hubei Province Chang Jiang Industrial Investment chosen as preferred bidders for 15.11% stake in Hubei Guangji Pharmaceutical (Source: Shenzhen Stock Exchange)

Hubei Guangji Pharmaceutical [Guang Ji Yao Ye, 000952.SZ], a China-based listed pharmaceutical company, said in a stock exchange announcement that its largest shareholder Wuxue State-owned Assets Management [Wu Xue Guo Zi] has chosen CITIC-CP Asset Management and Hubei Province Chang Jiang Industrial Investment [Hu Bei Chang Jiang Shi Ye Tou Zi] as the preferred bidders for the potential sale of a 15.11% stake in the listed company. The company's previous announcement dated 23 April stated that it had entered into talks with two potential investors but did not reveal the two names.

Hangzhou Tigermed Consulting plans to buy Frontage Laboratories 70% stake for USD 50m plus possible earnout (Source: Shenzhen Stock Exchange)

Hangzhou Tigermed Consulting [Tai Ge Yi Yao; SZ: 300347], a listed Chinese clinical research services provider, has signed an agreement with all the shareholders of Frontage Laboratories on acquiring a total of 69.84% stake for USD 50.25m, plus a potential earnout payment of up to USD 5.25m.

Southwest Pharma's largest shareholder Chongqing Taiji Industry plans to sell part of its stake and buy all assets (Source: Shanghai Stock Exchange)

Southwest Pharmaceutical's largest shareholder, Chongqing Taiji Industry [Tai Ji Ji Tuan, 600129.SH], is planning to sell part of its stake in Southwest Pharmaceutical while purchasing all the assets of the latter. Southwest has a market cap of CNY 2.124bn (USD 340m). According to the company profile, Chongqing Taiji holds a 32.39% stake in Southwest Pharmaceutical.

Sun Pharmaceuticals Industries issues clarification on media report about hurdle in deal to acquire Ranbaxy (Source: National Stock Exchange of India; The Times of India)

The National Stock Exchange of India (Exchange) had sought a clarification from Sun Pharmaceuticals Industries (the Company) with respect to a news item captioned "Sun-Ranbaxy deal hits hurdle". The Company has clarified as follows: "We were not served the notice of the hearing for the AP High Court case referred to and the matter was decided ex parte."

The Andhra Pradesh High Court has ordered status quo to be maintained pending its final decision on an insider-trading allegation in the proposed merger of the India-based drug company Ranbaxy with Sun Pharma. The regulatory authorities and bourses have been directed by the court to not approve the proposed USD 4bn merger pending its decision on the investors' petition.

Sunflower Pharmaceutical files CNY 2.013bn Shenzhen IPO application with CSRC (Source: CSRC)	<p>Sunflower Pharmaceutical [Kui Hua Yao Ye], a Heilongjiang-based, privately held pharmaceutical company, has filed its Shenzhen IPO application with the China Securities Regulatory Commission (CSRC). The company plans to sell up to 36.5m shares, which may include new shares and up to 18m shares to be disposed of by its existing shareholders, with the aim of raising CNY 2.0129bn (USD 322m). CNY 900m of the IPO proceeds will be used to repay bank loans and boost the working capital of the company; CNY 109.06m will be used to fund the construction of a marketing network and CNY 48.81m will be invested in R the remaining amount will be used for business expansion.</p>
Kunming Longjin Pharmaceutical expects to raise CNY 257.71m via Shenzhen IPO (Source: CSRC)	<p>Kunming Longjin Pharmaceutical [Long Jin Zhi Yao], a Yunnan-based, privately held pharmaceutical company, is expecting to raise CNY 257.71m (USD 41.26m) via an initial public offering on the Shenzhen Stock Exchange.</p>
Samsung BioLogics to form bio JV with unspecified UK-based firm (Source: Korea Exchange)	<p>Samsung BioLogics, the unlisted biotechnology division of South Korean Samsung Group, announced on 2 May, it has agreed to form a joint venture (JV) with an unspecified UK-based firm. The two companies will set up a 50/50 JV to cooperate in developing a bio business. The initial paid-in capital is USD 140m. The JV will be based in the UK.</p>
Roselabs Group postpones fundraising till next year (Source: Mergermarket)	<p>Roselabs Group, an Ahmedabad, India-based pharmaceutical company, has postponed its fundraising to next year as it focuses on entering markets such as the US and Japan, Director Zameer Agarwal said. In 2013, the company had appointed a consultant to help with the fundraising process. It was looking at raising around USD 20m to fund research and development and to enter the EU market, as previously reported by this news service. However, it was able to meet the expenses required for its expansion plan internally and has secured approvals for the EU, he said.</p>
Apimeds seeking out-licensing partner for Apitox by year end (Source: Mergermarket)	<p>Apimeds, a privately held South Korean pharmaceutical unit of Loenk (Logistics Energy Korea Company), is looking to out-license Apitox, its treatment for osteoarthritis pain and inflammation and disseminated sclerosis, by the end of 2014.</p>
Kinedex Healthcare 10% stake acquired by NRI (Source: VCCircle)	<p>NRI, a UK-headquartered pharmaceutical player, has acquired an estimated 10% stake in Kinedex Healthcare, an Indian nutraceuticals drug maker.</p>
Shire to acquire Fibrotech for USD 75m plus contingent payments (Source: Shire)	<p>Shire today entered into a definitive agreement to acquire Australia-based Fibrotech, a privately held, biotechnology company focused on the development of small molecules for the treatment of renal diseases and fibrosis.</p>
Kimia Farma cancels hospital JV plan; would consider financial investor (Source: Mergermarket)	<p>Kimia Farma (KAEF: JKT), the Indonesian state-owned pharmaceutical company, has canceled a joint venture plan for the hospital business development. The company will consider having a financial investor instead.</p>

LBX Pharmacy expecting to raise CNY 1.01bn via Shanghai IPO (Source: CSRC)

LBX Pharmacy [Lao Bai Xing Da Yao Fang], a Hunan-based Chinese leading drugstore chain operator, expects to raise up to CNY 1.01bn (USD 161m) via an IPO on the Shanghai Stock Exchange. LBX Pharmacy plans to use part of the proceeds to buy an 80.01% stake in Baixingyuan [Bai Xing Yuan], its Anhui-based peer. The company plans to use the remaining proceeds to open new stores, construct its Changsha-based distribution center, build its information system, implement marketing projects and boost its working capital.

Accutest Research Laboratories seeks new investors for expansion overseas (Source: VCCircle)

Accutest Research Laboratories, the contract research organisation based in India, is seeking new investors for expansion overseas as well as in India. The company is planning a USD 15m-USD 20m investment over three years for organic expansion, acquisitions and JVs, and will finance this via a fresh funding round that it plans to conclude by as soon as August.

Apimeds to mandate bankers in May for NASDAQ listing (Source: Mergermarket)

Apimeds, a South Korean pharmaceutical company, will mandate advisors by 20 May 2014 for a Nasdaq listing to take place in 12-18 months, CEO Richard In-Soo You said.

Jubilant Pharma in talks with International Finance Corporation for equity funding (Source: Mergermarket)

Jubilant Pharma, a wholly owned Singaporean subsidiary of listed Indian Jubilant Life Sciences (JLL), is in talks with Washington, DC-based International Finance Corporation (IFC) to raise funds, said a company source. The proceeds of the fundraise will be used, in part, to reduce debt.

Dream Pharma sale attracts multiple companies including STIC Investments and JW Pharmaceutical (Source: Korea Economic Daily)

The ongoing sale of Dream Pharma, generic development unit of Hanwha Chemical, has attracted multiple companies, according to a report in Korea Economic Daily. The Korean-language report cited investment banking sources as saying that eight to nine companies have submitted preliminary bids by the deadline of yesterday, 28 April. South Korea-listed JW Pharmaceutical, and financial firm STIC Investments, are among them, the report added. France-based Sanofi and South Korean company KTB Private Equity, are the companies who had been rumored to be potential buyers of Dream Pharma, have not participated in the sale. As reported earlier, Hanwha Chemical has put the wholly owned arm for sale. The sale could fetch KRW 200bn (USD 192.2m).

Dr Datsons receives letter of interest from Mires (Source: BSE)

Dr.Datsons Labs Ltd has informed the BSE that the Company has received Letter of interest between Mires B.V a European based Pharma Company and Dr. Datsons Labs Limited.

Sido Muncul in talks to acquire local pharmaceutical company (Source: Investor Daily Indonesia)

Sido Muncul, the listed, Indonesian health drinks producer, is in negotiations to acquire an unspecified local pharmaceutical company, Indonesian-language newspaper Investor Daily reported. The article, which cited Sido Muncul's CEO Irwan Hidayat, noted the acquisition is aimed at balancing the company's traditional health drink products and pharmaceutical products. The company has allocated IDR 150bn (USD 12.9m) from internal funds for the acquisition.

Porton Fine Chemicals to acquire 65% stake in Zhejiang Xinnuohua Pharmaceutical via capital increase of USD 20.8m

Porton Fine Chemicals [Bo Teng Zhi Yao; SZ: 300363], a China-based pharmaceutical company, has entered into agreement to acquire 65% stake in Zhejiang Xinnuohua Pharmaceutical [Xin Nuo Hua] via a capital increase of CNY 130m (USD 20.8m).

***Shasun Pharmaceuticals board
approves issuance of 3.5m shares,
7.1m warrants to Sequent Scientific
(Source: BSE)***

India-based Shasun Pharmaceuticals has informed the Bombay Stock Exchange that the board of directors of the Company at its meeting held on 23 April 2014 has decided to issue and allot on a preferential basis the following, subject to necessary approvals. 1. 3.5m equity shares of INR 2 (USD 0.0327) each at a price of INR 110 per share (including a premium of INR 108 per share) to Sequent Scientific, having its registered office at Mumbai. 2. 7.1m convertible warrants of INR 110 each, with each warrant convertible into one equity share of INR 2 each, to Sequent Scientific.