

## Healthcare Sector

2<sup>nd</sup> Half 2005

### China Healthcare M&A Update

#### Highlights

- QIAGEN N.V. announced plans to acquire Shenzhen PG Biotech, China's leading developer and provider of PCR-based molecular diagnostic assays, for US\$14.5 million

QIAGEN's second China acquisition in 2005

QIAGEN acquired Tianwei Times Technology, China's leading developer, manufacturer and supplier of nucleic acid sample preparation consumables in June 2005

- Westminster Securities and CRT Capital led a US\$60.0 million PIPE deal into American Oriental Bioengineering, China's leading developer, manufacturer and distributor of botanical pharmaceuticals and nutraceuticals
- Luxottica acquired Ming Long Optical, China's leading premium optical chain operator, for US\$34.6 million

Luxottica's second China acquisition in 2005

Luxottica acquired Xueliang Optical, a leading premium optical chain operator in Beijing in July 2005

#### Beijing

Suite 11J, Oriental Kenzo Plaza  
48 Dongzhimen Wai Avenue  
Beijing 100027, China  
+86 (10) 8447 7398

#### Hong Kong

Suite 4310, Jardine House  
One Connaught Place  
Central, Hong Kong  
+852 2973 5311

#### San Francisco

Suite 3330, 50 California Street  
San Francisco, CA 94111, USA  
+1 (415) 692 0088

[info@latitudecapital.com](mailto:info@latitudecapital.com)

[www.latitudecapital.com](http://www.latitudecapital.com)

## INTRODUCTION

We are pleased to present our semi-annual review of cross-border Healthcare M&A activity in China, focusing on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets.

The purpose of this report is to provide a summary of cross-border healthcare M&A and private placement activities in the second half of 2005, highlighting notable selected transactions that are relevant to venture capital, private equity, and strategic buyers/investors. Our review is broken down into two broad categories, (i) Biotechnology & Pharmaceuticals and (ii) Healthcare Equipment & Services, with specific focus on the following ten major healthcare sectors:

### BIOTECHNOLOGY & PHARMACEUTICALS

- Biotechnology
- Prescription Drugs
- OTC Drugs
- Vitamins
- Medical Chemicals & Botanical Products

### HEALTHCARE EQUIPMENT & SERVICES

- Healthcare Distributors & Services
- Healthcare Facilities
- Healthcare Equipment
- Healthcare Supplies
- Managed Healthcare

However, during the second half of 2005, there were no notable transactions in the Healthcare Facilities or Managed Healthcare sectors.

## BIOTECHNOLOGY & PHARMACEUTICALS

### Biotechnology

In the Biotechnology sector, there were 2 cross-border transactions during the period. After the acquisition of Beijing-based Tianwei Times Technology on June 13, QIAGEN N.V. announced plans to acquire 100.0% of the outstanding shares of Shenzhen PG Biotech, a Chinese leading developer and provider of PCR-based molecular diagnostic assays, for approximately US\$14.5 million in cash. The other major transaction was Goldman Sachs' US\$36.0 million PIPE deal into HKSE listed Sino Biopharmaceutical.

#### Selected Biotechnology Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
September 26, 2005	QIAGEN N.V. (NASDAQ and DB listed)	Shenzhen PG Biotech Co., Ltd. (Shenzhen)	\$14.5	100.0	\$14.5	Leading developer and provider of polymerase chain reaction (PCR)-based molecular diagnostic solutions
December 30, 2005	Goldman Sachs <sup>(1)</sup>	Sino Biopharmaceutical Ltd. (Hong Kong) (HKSE listed)	\$36.0	7.2	\$500.0	Developer, manufacturer and distributor of anti-hepatitis, anti-aging and cardiovascular & cerebrovascular products

*(1) Private Equity Investor(s)*

### Prescription Drugs

M&A activity in the Prescription Drugs sector during the period was still mainly focused on Chinese companies with established products and operations. Hony Capital, Legend Holdings buyout affiliate, announced its first investment in the China healthcare industry with a US\$27.0 million investment for a minority stake in Jiangsu Simcere Pharmaceutical.

### Selected Prescription Drugs Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
September 29, 2005	Hony Capital <sup>(1)</sup>	Jiangsu Simcere Pharmaceutical Company Ltd. (Nanjing)	\$27.0	31.0	\$87.1	Developer, manufacturer and distributor of anti-infectious, cardiovascular & cerebrovascular, osteoarthritis, and pediatric disease products
November 8, 2005	China Chemical & Pharmaceutical Co., Ltd. (TAISE listed)	Suzhou Chung-Hwa Chemical & Pharmaceutical Co., Ltd. (Suzhou)	\$1.3	12.6	\$10.3	Developer, manufacturer and distributor of antibiotic, cardiovascular & cerebrovascular, gynecological, anti-allergic products
November 22, 2005	AMDL, Inc. (AMEX listed)	2 Chinese pharmaceutical companies <sup>(2)</sup>	NA <sup>(3)</sup>	100.0	NA	Manufacturer of cancer monitoring and treatment products
December 19, 2005	Vivo Ventures <sup>(4)</sup>	Zhejiang Hisun Pharmaceutical Co., Ltd. <sup>(5)</sup> (Zhejiang)	NA	55.6	NA	Leading manufacturer of Active Pharmaceutical Ingredient (API) pharmaceuticals in China

(1) Private Equity Investor(s)

(2) Subsidiaries of Jade Capital Group, Ltd.

(3) Up to 13,215,000 shares of AMDL's common stock, share price depends on certain financial tests on the 2 target companies

(4) Private Equity Investor(s)

(5) Vivo acquired its parent company - Hisun Group, which has a 55.56% controlling interest in Zhejiang Hisun Pharmaceutical

### OTC Drugs

#### Selected OTC Drugs Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
November 2, 2005	Maxx Bioscience Holdings Ltd. (HKSE listed)	Shandong Tiandijian Biology (Shandong)	\$0.9	35.0	\$2.6	Developer, manufacturer and distributor of sexual capability pharmaceutical products

### Vitamins

In the Vitamins sector, Royal DSM N.V. ("DSM") made a US\$164.0 million strategic investment into North China Pharmaceutical (Group) Corporation Ltd. ("NCPC"), NCPC ListCo (Shanghai listed affiliate of NCPC) and a 49.0% controlling interest in the 2 DSM-NCPC joint ventures in Shijiazhuang.

#### Selected Vitamins Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
October 26, 2005	Royal DSM N.V. (ENXTAM, BBSE, OTC PK, SEAQ and SWX listed)	North China Pharmaceutical (Group) Corporation Ltd., etc. (Hebei)	\$164.0	NA	NA	Leading manufacturer of vitamins and antibiotics in China

### Medical Chemicals & Botanical Products

In the Medical Chemicals & Botanical Products sector, Westminster Securities and CRT Capital made their first investment into China's healthcare industry via a US\$60.0 million PIPE deal into American Oriental Bioengineering, a leading pharmaceuticals and nutraceuticals manufacturer in China.

### Selected Medical Chemicals & Botanical Products Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
September 13, 2005	Tramford International Ltd. (NASDAQ listed)	Future Solutions Development Inc. (Shenzhen)	\$5.9	51.0	\$11.6	Botanical extracts manufacturer and nutraceutical solutions provider
November 23, 2005	Westminster Securities and CRT Capital <sup>(1)</sup>	American Oriental Bioengineering Inc. (Harbin) (AMEX, ArcaEx and DB listed)	\$60.0 <sup>(2)</sup>	NA	NA	Developer, manufacturer and distributor of botanical pharmaceuticals and nutraceuticals

(1) Private Equity Investor(s)

(2) 12.5 million units at \$4.8/unit: each unit consists of one common share and three-tenths of a share purchase warrant, exercisable at \$6.50/share.

## HEALTHCARE EQUIPMENT & SERVICES

### Healthcare Distributors & Services

Not long after the acquisition of Beijing-based Xueliang Optical, Luxottica Group (“Luxottica”) acquired its second target in China - Ming Long Group, the largest premium optical chain operator in Guangdong Province with 133 stores. After the deal, Luxottica is now the leading premium optical chain operator in China with 278 stores in Beijing, Guangdong and Hong Kong.

### Selected Healthcare Distributors & Services Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
July 8, 2005	IDG Technology Venture Investment, Inc. <sup>(1)</sup>	Sundia MediTech Co., Ltd. (Shanghai)	\$2.5	NA	NA	High-tech pharmaceuticals development and CRO service provider
October 4, 2005	Luxottica Group (CM, BAYB, BST and NYSE, listed)	Ming Long Optical Group (Guangdong)	\$34.6	100.0	\$34.6	Leading premium optical chain operator in China
October 12, 2005	Singapore Jinli Group	Chengdu Kexun (Chengdu)	\$12.4	100.0	\$12.4	Pharmaceutical retail chain operator in Chengdu, China
October 20, 2005	Beijing Med-Pharma Corp. (OTCPK listed)	Beijing Wanwei Pharmaceutical Co., Ltd (Beijing)	\$1.0	100.0	\$1.0	Pharmaceutical distribution company in China

(1) Private Equity Investor(s)

### Healthcare Equipment

### Selected Healthcare Equipment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
October 10, 2005	Tyco Healthcare International	Shangriland Group (Beijing)	NA	NA	NA	Distributor and sales agent of surgery instruments in China
October 10, 2005	Tyco Healthcare International	Surgiland Group (Beijing)	NA	NA	NA	Distributor and sales agent of surgery instruments in China
December 7, 2005	Cell Robotics International Inc. (OTCPK listed)	Undisclosed China-based medical device provider	\$10.0	100.0	\$10.0	Developer, manufacturer and distributor of laser skin treatment equipment

**Healthcare Supplies**

**Selected Healthcare Supplies Transactions**

<b>Announcement Date</b>	<b>Lead Investor(s) / Buyer</b>	<b>Target</b>	<b>Transaction Value (US\$ mm)</b>	<b>%</b>	<b>Implied Valuation (US\$ mm)</b>	<b>Description of Target</b>
September 26, 2005	Matrix Laboratories Ltd. (BSE listed)	MCHEM Pharma (Group) Ltd. (Fujian)	NA	60.0	NA	Developer, manufacturer and supplier of mainly medicament raw material and intermediates

\*\*\*\*\*

The information and statistical data herein has been obtained from sources we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to any change of our views. This is not a solicitation or any offer to buy or sell. Latitude Capital Group ("Latitude") has produced this report for private circulation only. All information and advice is given in good faith but without any warranty. Latitude, our affiliates or companies or individuals connected with Latitude, may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell, or may be materially interested in any of the securities mentioned or related securities.

## **Beijing**

Suite 11J Oriental Kenzo Plaza  
48 Dongzhimen Wai Avenue  
Beijing 100027, China

Tel +86 (10) 8447 7398  
Fax +86 (10) 8447 7396

## **Hong Kong**

Suite 4310 Jardine House  
One Connaught Place  
Central, Hong Kong

Tel +852 2973 5311  
Fax +852 2295 3979

## **San Francisco**

50 California Street, Suite 3330  
San Francisco, CA 94111  
USA

Tel +1 (415) 692 0088  
Fax +1 (415) 366 1408

[info@latitudecapital.com](mailto:info@latitudecapital.com)

[www.latitudecapital.com](http://www.latitudecapital.com)

