

PRESS RELEASE

China's Jangho Group Explores Local Healthcare Firms

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BY BRIDGET CARTER AND GRETCHEN FRIEMANN

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Executives from Jangho Group — the Chinese investor that recently swooped on a major stake in the \$1.9 billion Primary Health Care — are understood to have flown to Australia last week to hold talks with the healthcare provider that some had thought was on its radar for a takeover.

The discussions may have centred on Jangho's aspirations. Some say it wanted a deal with the UBS-advised Primary, where it takes its Vision Eye Institute investment off its hands in exchange for more shares in the business.

Sources say that proposal has been flatly rejected by the Primary board.

Jangho surprised the market last month by outlaying at least \$200 million on an 11.7 per cent stake in Primary, which owns medical centres and provides various services such as pathology and diagnostic imaging. However, Primary is seen as too large for Jangho and a takeover is not believed to be on its agenda.

Instead, the curtain rod manufacturer, which has made recent attempts to wade into the Australian healthcare space, is interested in rolling out Primary's intellectual property in China.

In China, Jangho, which took advice from Oaktower Partnership over its Vision acquisition, is known as a construction materials company, which is listed on the Shanghai stock exchange, and it has recently made known its plans to diversify into the Australian and Chinese healthcare industries.

Jangho last year bought Primary's 19.9 per cent stake in Vision Eye Institute before launching a \$198m offer for the entire group, which provides ophthalmic services and operates day surgeries.

Before Jangho bought shares, Primary was on the radar of private equity groups such as Baring Private Equity and Pacific Equity Partners.

But this was around February, when shares hit \$2.16, and they have since recovered to \$3.68.

Sydney Office

Level 23, Australia Square, 264 George Street, Sydney NSW 2000

Telephone: + 61 2 9271 0700 **Facsimile:** +61 2 9271 0777

Melbourne Office

Level 2, 18 Oliver Lane, Melbourne VIC 3000

Telephone: +61 3 9666 3900 **Facsimile:** +61 3 9666 3999

