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Pharmas vie over \$3b US acquisition

Rival Chinese groups in the same sector line up to bid for same target

By SHI JING in Shanghai
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Outbound Chinese pharmaceutical companies are consolidating their deployment in overseas markets, with both Fosun Pharma and Shanghai Pharmaceuticals eyeing the same acquisition target.

According to the filings of the two companies respectively released on Monday, both Fosun Pharma and Shanghai Pharmaceuticals submitted a non-binding proposal on July 19 to bid for parts of the stakes in US specialty pharmaceutical company Arbor Pharmaceuticals.

The transaction is still under non-exclusive bidding at present. Neither Fosun Pharma nor Shanghai Pharmaceuticals have disclosed any details as to the bidding amount or the financial standing of the target company due to the uncertainties during acquisition and confidentiality requirements.

According to Reuters, the potential deal could value Arbor at around \$3 billion.

Arbor Pharmaceuticals, headquartered in Atlanta, Georgia, focuses on the cardiovascular, hospital and pediatric markets. New York-based equity firm KKR agreed to buy more than 25 percent of Arbor in late December, which valued the privately held company at more than \$1 billion, according to Reuters.

Fosun Pharma's wholly owned unit Fosun Pharma Industrial in Hong Kong will

be responsible for the acquisition. Fosun Pharma said in a statement that its capability in manufacturing as well as the research and development of pharmaceutical products will be improved once the acquisition proves a success.

Shanghai Pharmaceutical said in a separate statement that the acquisition of Arbor is in line with the company's international development strategy. It will continue to look for acquisition opportunities for high-quality overseas assets.

Zhou Jun, chairman of Shanghai Pharmaceuticals, said during the company's mid-term meeting that the company should maintain double-digit growth to reach its prospective earnings. To that end, acquisition is one of the many means that would help it reach the goal, he said.

Shanghai Pharmaceutical acquired Australian healthcare products maker Vitaco for 938 million yuan (\$140 million) in August last year.

It is not the first time that Fosun Pharma and Shanghai Pharmaceuticals have eyed the same target. In March, both companies expressed a willingness to acquire German generic and over-the-counter drugs maker Stada Arzneimittel. The deal has not been completed yet.

Fosun Pharma saw its shares in Shanghai rise 2 percent to close at 29.57 yuan on Monday, and it rose 2.11 percent to close at HK\$29.1 (\$3.70) in Hong Kong.

Chinese company offers to buy Fiat Chrysler: report

By PAUL WELITZKIN
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Fiat Chrysler Automobiles NV, bailed out by US taxpayers during the financial crisis, recently rejected an acquisition bid by an unidentified Chinese automaker, according to Automotive News.

The Chinese automaker made at least one offer this month to buy Fiat Chrysler at a small premium over its market value, Automotive News reported on Monday. The offer was rejected for not being enough, the industry publication said.

Automotive News also said that that other Chinese auto companies could be considering a bid for the maker of the Jeep, Ram, Chrysler and Dodge brands.

A Fiat Chrysler spokeswoman on Monday declined to comment on the report, according to the Detroit Free Press.

The US government began a bailout of the American auto industry in 2008 under President George W. Bush with \$25 billion in aid to General Motors Co, Chrysler and their lending units. Then President Barack Obama added about \$55 billion to the total.

Fiat, based in Italy, picked up 58.5 percent of Chrysler in 2009 amid the bailout and in 2014 assumed full ownership of Chrysler.

In January John Murphy, an auto analyst with Bank of America Merrill Lynch, raised the possibility of Fiat Chrysler being purchased by a Chinese automaker in the next three to five years - maybe with help

from the Chinese government.

Murphy said Fiat Chrysler could resolve its debt issues by partnering with a company including a Chinese automaker looking to enter the US market, the Detroit News reported. He said a Chinese auto company would also have to put a lot of capital into Fiat Chrysler.

Fiat Chrysler CEO Sergio Marchionne has been open to industry consolidation to cut expenses and attract investment in the capital-intensive global auto business.

Chinese automakers have reportedly been interested in entering the competitive US market. In January Guangzhou Automobile Group or GAC, said it would open a research and development center in California's Silicon Valley.

"We would like to be in the US market and the R&D center is a good start," said Liang Weibiao, GAC vice-president.

Fans' backing



Taylor Swift fans react to the arrival of Swift team members outside Denver Federal Court where the Swift groping trial goes in Denver on Monday. Swift won her trial against a Colorado radio personality on Monday after a jury found that the former DJ assaulted and battered the pop star by groping her bare bottom, and awarded her the symbolic \$1 in damages she had sought. REUTERS/RICK WILKING

Chinese students at UVA react to day of violence, aftermath

By HONG XIAO
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Chinese students at the University of Virginia are trying to process a deadly clash between white nationalists and counter-protesters over the weekend in their usually peaceful college town.

"What makes me really sad is after the riots, many people and media think those Nazis, those extremists are victims. For the riots, they should take all the responsibility!" said Bai, who did not want his first name used.

"As a Chinese in the US, I hope we can live in an environment without discrimination and violence, everybody equal, so we can focus on studying or working," Bai said. Bai, a graduate student at

the School of Engineering at the university in Charlottesville, said he still couldn't believe that the violence took place in the city. He said all the activities on the campus were suspended on Saturday.

Bai stayed at home on Saturday after the university sent an email on Aug 4 advising students to pay attention to their safety.

A federal civil rights investigation is underway after a 20-year-old Ohio man, James Alex Fields Jr., allegedly rammed his vehicle into a crowd of counter-protesters at a "Unite the Right" rally, killing Heather Heyer, a 32-year-old local woman, and seriously injuring scores of others.

White nationalists descended on the city to rally against plans to remove the statue of

Confederate General Robert E. Lee from a city park.

An AP reporter and photographer who were on the scene Saturday estimated the white nationalist group at about 500 and the counter-protesters at double that.

"Look at the counter-protesters; most of them are local residents who live a peaceful life and love the place they live in, so that's why they linked arms to form a barrier to resist the extremists," Bai said.

"I have to say, against Nazism and against extremism is a basic for people with a conscience," he added.

UVA President Teresa A. Sullivan wrote in an email on Aug 4 that UVA believes "that diversity is an essential element of excellence, and that intolerance and exclusion inhibit progress. We also

support the First Amendment rights to free speech and assembly. These rights belong to the 'Unite the Right' activists who will express their beliefs, and to the many others who disagree with them. ... There is a credible risk of violence at this event, and your safety is my foremost concern."

Jiang (who did not disclose his first name), also a graduate student at UVA, said that when the violence broke out on Saturday, he was on his way to a cinema downtown.

"The scene was chaotic," Jiang recalled. Jiang said basically all the stores in town were still closed, and the atmosphere on campus was tense.

The Associated Press and Yuan Yuan in Washington contributed to this story.

2 CEOs quit Trump advisory boards

The CEO of athletic wear manufacturer Under Armour is resigning from the president's American Manufacturing Council, saying his company "engages in innovation and sports, not politics".

Kevin Plank's announcement came on Monday after Merck CEO Kenneth Frazier announced he was leaving US President Donald Trump's business advisory board.

The resignations followed Saturday's violent confrontation between white supremacists and counter-protesters in Charlottesville, Virginia. Trump initially bemoaned violence on "many sides", though on Monday he described members of the KKK, neo-Nazis and white nationalists



Kevin Plank, CEO of Under Armour
Kenneth Frazier, CEO of Merck

as "criminals and thugs". Frazier said the country's leaders must "honor our fundamental values by clearly rejecting expressions of hatred, bigotry and group supremacy".

"As CEO of Merck and as a matter of personal conscience, I feel a responsibility to take a

stand against intolerance and extremism," Frazier said.

Trump responded shortly after in a tweet, saying that now "Ken Frazier of Merck Pharma has resigned from President's Manufacturing Council, he will have more time to LOWER RИPOFF DRUG PRICES!"

Trump doubled down on his attack later in the day, tweeting that Merck "is a leader in higher & higher drug prices while at the same time taking jobs out of the U.S. Bring jobs back & LOWER PRICES!"

The son of a janitor, Frazier joined Merck as general counsel of one of the drugmaker's subsidiaries in 1992, working his way up to CEO of the company in 2011.

Plank did not specifically mention Trump or Charlottesville, but said his company will focus on promoting "unity, diversity and inclusion" through sports.

"I joined the American Manufacturing Council because I believed it was important for Under Armour to have an active seat at the table and represent our industry," Plank said in a statement. "We remain resolute in our potential and ability to improve American manufacturing ...

"... I am appreciative of the opportunity to have served, but have decided to step down from the council."

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Trade: Mixing unrelated issues

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Hua Chunying said that "any member of the WTO should observe its rules in taking trade measures," a view expressed by China's Ministry of Commerce 10 days ago.

"Given the increasingly converging China-US interests and the close-knit pattern of the two countries being mutually dependent, there will be no future or winner but only losers in a trade war," Hua warned.

Trump's signing came at a sensitive time, coinciding with his tweet last week that if China helps more on restraining the nuclear weapons program of the Democratic People's Republic of Korea, he might think differently about trade issues.

But a senior White House official indicated that the two issues were not related.

Hua said that the Korean Peninsula issue and the economic and trade issue fall into different categories. "It is obviously improper to use one issue as a tool to exercise pressure on the other," she told the daily briefing.

Henry Levine, a senior advisor at the Albright Stonebridge Group and a former US deputy assistant secretary of commerce, said that despite the issue over forced technology transfer, Trump's action on Monday should not cause short-term concerns for US or Chinese companies.

The study Trump requested could take up to a year and a 301 investigation, if launched, would take additional time, according to Levine. "Therefore, we are very far from any substantive actions that would create serious problems in US-China relations," he told China Daily.

Levine said if it ever reaches a point of Section 301 action, it would be well advised to use the WTO rather than any unilateral US action.

"Aside from the strongly negative impact on US-China relations, unilateral US trade actions would significantly weaken the global trading system, to the detriment of all countries," he said.

Levine believes that the conclusion of a high-quality US-China bilateral investment treaty (BIT) would help address such issues between the two countries.

Some observers interpreted Trump's signing on Monday as a move to show his supporters that he is finally keeping a campaign promise.

Guizhou's 'Silicon Valley' looks to US counterpart

By LIA ZHU in San Francisco
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Guizhou province, which hopes to build itself into China's "Big Data Valley", is looking to link up with Silicon Valley.

"Silicon Valley is the heart of the world's innovation, so we attach great importance to cooperation with the US, especially Silicon Valley," said Qin Rupei, vice-governor of Guizhou, at a conference on Friday in San Jose, California.

The conference, which drew more than 200 participants from high-tech and entrepreneurial communities, was aimed at promoting China's first national Big Data pilot zone in the southwestern province.

In 2015, China adopted Big



Qin Rupei, vice-governor of Guizhou

Comprehensive Pilot Zone was established in Guizhou, with the goal of improving the government's administrative abilities, promoting industrial transformation and upgrading, as well as improving people's livelihood through Big Data services.

"While developing the Big Data industry, we have been

emphasizing opening-up," said Qin. "Guizhou's rapid economic growth and increasing level of opening-up makes the province suitable for other countries to participate in developing a 'Big Data Valley', providing broader markets and more diverse business opportunities."

The province has begun building green data centers at 12 national pilot sites. The 12 centers can load 13,400 racks and support installation of 158,000 servers. By 2020, those centers are expected to load 2 million servers, with an industrial chain value of more than \$15 billion, according to the Guizhou Provincial Leading Group for Big Data Development.

"Guizhou enjoys the

advantages that the Big Data industry requires. It is one of the most suitable places for developing big data in China or in the world," Qin said.

The province incorporates Big Data projects in urban planning and annual planning for land use, and offers broadband rent subsidies to Big Data companies, according to the provincial big data group.

Chinese tech companies like Alibaba, Baidu, Tencent and Huawei have set up research and development centers in the pilot zone. Tencent has been working with Guizhou in such areas as smart city, poverty relief and chronic disease management. The company also plans to locate its data backup center for disaster

recovery in the province. Foxconn has located a 4th-generation industrial park, green tunnel data center and R&D center in Guizhou.

Big international companies have also established partnerships with Guizhou.

Qualcomm, which set up regional headquarters for China in Guizhou, has invested in an integrated circuit industry to develop server chips for the Chinese market. Microsoft is working with the province to build a "bulk data" laboratory, education cloud and a cloud for middle- and small-sized enterprises. Google is developing international e-commerce projects for targeted marketing through global big data analysis.