# Carlyle Buys 13.5% in China's Meinian Onehealth via Yuan-Denominated Fund

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-- Carlyle Group invests in Meinian Onehealth through its yuan-denominated fund Beijing Carlyle Investment Centre

-- Meinian is second investment from its yuan fund

(Recasts lead; adds background of yuan-denominated fund in the third paragraph; quotes from managing director at Carlyle in the fifth and sixth paragraphs; background of Meinian in the seventh paragraph; details of Carlyle's portfolio in the eight-tenth paragraphs.)

By Prudence Ho

HONG KONG--U.S. private equity firm Carlyle Group LP (CG) said Wednesday it has acquired a 13.5% stake in Chinese healthcare check-up services provider Meinian Onehealth Healthcare (Group) Co. Ltd., its second investment from its yuan-denominated fund.

Carlyle invested in Meinian Onehealth through its yuan-denominated fund Beijing Carlyle Investment Centre L.P., set up two years ago, and raised 3.2 billion yuan (US$503 million) after a second round of fundraising that was completed in July 2011.

Last year it invested in a consumer company through the fund, but didn't disclose the name of that firm. Carlyle also didn't specify the financial terms of its latest investment into Meinian. In recent years, China's government has begun allowing foreign firms--among them, major players such as Carlyle and Blackstone Group LP--to raise funds from China's domestic investors denominated in yuan to let local investors share in the industry's potential gains.

Carlyle said that its investment into Meinian was a move to buy into a private enterprise in China's fast-growing healthcare services sector, which for now is still dominated by state firms.

"The industry has been growing at 15% a year and we expect it will continue to increase at such a pace for the next few years," said Janine Feng, a managing director at Carlyle. "The growth is driven by economic development of the country, an aging population, increasing awareness of healthcare preventative measures and increasing disposal income growth."

Carlyle started talking to Meinian last year, but the two parties started serious discussions six months ago, said Ms. Feng. "Carlyle will leverage its healthcare industry expertise to support Meinian Onehealth's business development and expansion plans, develop its service offerings."

Meinian Onehealth, established in 2004, offers medical examinations, diseases screening with 83 clinics in more than 40 cities, around 20 of which will be opened by the end of this year. Its clinic network covers major cities, including Beijing, Tianjin, Shenzhen, Chengdu, Chongqing, Shenyang, Dalian and Harbin.

Chairman Yu Rong will remain the largest shareholder in the company, while Carlyle will be one of the biggest shareholders. Meinian investment is Carlyle's second investment in the healthcare sector in China after Concord Medical Service Co. (CCM), in which Carlyle invested in in 2007. Concord operates radiotherapy and diagnostic imaging centres in China.

Besides China, Carlyle has a global healthcare portfolio, with current investments including Healthscope Ltd, the second-largest private hospital provider in Australia.

So far, Carlyle's buyout, growth capital, real estate and yuan-denominated funds have invested approximately US$4 billion in more than 60 deals in China.

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