

## China Health Care Quarterly Update

1st Quarter 2010

### Quarter in Review

- Capital markets activity in the 1st quarter declined compared to the previous quarter, which saw the debut of the new Chinext exchange in Shenzhen. This quarter's capital markets activity was concentrated in the Pharmaceuticals sector, with a number of companies going public via the domestic Shenzhen stock exchange and follow-on activity by companies listed on overseas exchanges
- There was little M&A activity in the 1st quarter, especially compared to the previous quarter which saw several cross-border transactions. However, there was a significant number of private placements, primarily from VC and PE institutional investors.

### Sector Highlights

- China Life and CITIC invested US\$69mm in Hong Kong-listed Sino Biopharmaceutical
- China Medicine Corporation raised US\$70mm from One Equity Partners to fund acquisitions
- Mindray raised US\$153mm in a follow-on offering to fund business development opportunities
- 4 China pharmaceutical IPOs on the Shenzhen stock exchanges raised a total of over US\$400mm
- Fidelity invested US\$10mm in China's largest OB/GYN medical equipment distributor Beijing TCT Medical
- CMO and API developer Porton Fine Chemicals raised US\$10mm from DT Capital
- CRO Pharmaron acquired pre-clinical CRO Bridge Laboratories China to expand service offerings in GLP-compliant toxicology services

#### Hong Kong

Suite 3518 Jardine House  
One Connaught Place  
Central, Hong Kong  
T +852 3752 2333  
F +852 2295 3979

#### Beijing

Room 705, East Tower, Twin Towers  
B12 Jianguomenwai Avenue  
Chaoyang District  
Beijing 100022, China  
T +86 (10) 8447 7398  
F +86 (10) 8447 7396

#### Shanghai

5F Crystal Century Tower  
567 Weihai Road, Jingan District  
Shanghai 200041, China  
T +86 (21) 6288 6555  
F +86 (21) 6288 6585

#### About Cowen Latitude Asia

Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, Inc. (NASDAQ: COWN), is one of Asia's leading growth sector focused investment banks providing directly, or through its affiliates, a full range of capital markets, M&A advisory and private placement services. The Firm specializes in the growth sectors of Alternative Energy, Consumer, Health Care, Industrial, Media, Technology and Telecom.

## Pharmaceuticals

### Selected M&A/Private Placements in Q1 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Biologics</b>						
03/18/2010	Private Placement	OriGene Technologies, Inc.	IDG-Accel, SBI & TH Venture Capital, Zero2IPO, Morningside, President International Development Corp.	\$ 16	-	Life sciences tool company developing monoclonal antibodies
02/10/2010	Private Placement	Biosino Bio-Technology and Science Incorporation (SEHK: 8247)	Fosun Pharmaceutical Group	10	24.5%	Manufacture, sale, and distribution of in-vitro diagnostic reagent products
01/29/2010	Private Placement	Suzhou Natong BioNanotechnology Ltd.	Softbank China Venture Capital	NA	-	Development and commercialization of drug delivery technologies
<b>Chemical Drugs</b>						
03/03/2010	Private Placement	Lotus Pharmaceuticals, Inc. (OTCBB:LTUS)	Yorkville Advisors, LLC	\$ 10	-	R&D, production, and sale of various chemical drugs in CNS, anti-infection, gastrointestinal, cardiovascular and respiratory areas
01/22/2010	Private Placement	Sino Biopharmaceutical Ltd. (SEHK:1177)	China Life Insurance, CITIC Securities	69	5.3%	R&D, production, and sale of a series of chemical and modernized Chinese medicines in cardio-cerebral diseases and hepatitis
<b>Nutraceuticals</b>						
NA						
<b>Traditional/Modern Chinese Medicine (TCM/MCM)</b>						
01/30/2010	M&A	Foshan Dezhong Pharmaceutical Co., Ltd.	Winteam Pharmaceutical Group Ltd. (SEHK:570) <sup>(1)</sup>	\$ 17	45.6%	Develops, manufactures and sells various traditional Chinese medicinal products
01/15/2010	Private Placement (Convertible Bond)	Bohai Pharmaceutical, Inc. (OTCBB:BOPH)	Various accredited investors	12	-	Production, manufacturing and distribution of herbal pharmaceuticals based on traditional Chinese medicine to treat rheumatism, rheumatoid arthritis, respiratory diseases, viral infections, gynecological diseases and cardio vascular issues
01/07/2010	Private Placement	China Medicine Corporation (OTCBB:CHME)	One Equity Partners	70	54.0%	Develops and distributes prescription and over-the-counter drugs, Chinese herbs, traditional Chinese medicines and supplements
<b>Chemicals / Others</b>						
NA						

(1) Acquired through its subsidiary Guangdong Medi-World Pharmaceutical Co., Ltd.  
Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

China Medicine Corporation (OTCBB:CHME), a distributor and developer of various TCM and OTC products, announced a private placement worth US\$69.6mm to One Equity Partners ("OEP"), the private equity arm of JP Morgan Chase. This is OEP's first investment in the Greater China region. Part of the proceeds raised will be used to finance China Medicine's recent acquisition of the TCM company LifeTech Pharmaceuticals announced in Q4 2009.

Sino Biopharmaceutical Ltd (SEHK:1177), a drug developer that focuses on hepatitis and cardio cerebral diseases with more than 100 products listed on the national reimbursement drugs list, received strategic investments from China Life and CITIC. The placing price represented roughly a 6.3% discount to the previous trading price of Sino Biopharmaceutical. Proceeds will be used for M&A purposes, as the Company has already been in talks with another pharmaceutical company in China on a possible acquisition.

### Selected Capital Markets Transactions in Q1 2010

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market <sup>(1)</sup>	Price as of Mar 31	Market Cap as of Mar 31 (US\$ MM)	Company Description
03/02/2010	IPO	Shenzhen Mainboard	Zhejiang Yatai Pharmaceutical Co Ltd (SZSE:002370)	Chemicals / Others	\$ 70	RMB 16.00	-	RMB 25.94	458	Develops and manufactures various medical chemicals and APIs
02/12/2010	IPO	Shenzhen Mainboard	Qianjiang Yongan Pharmaceutical Co Ltd (SZSE:002365)	Chemicals / Others	107	RMB 31.00	-	RMB 42.54	585	Manufactures, imports, exports, and sells taurine (an endogenous amino acid) in China and internationally
01/27/2010	Follow-on	NASDAQ	Sinovac Biotech Ltd. (NasdaqGM:SVA)	Biologics	66	US\$ 5.75	(6.3)%	US\$ 5.91	320	R&D, manufacture, and commercialization of vaccines against the hepatitis A, hepatitis B, and influenza viruses
01/19/2010	IPO	Shenzhen Mainboard	Nantong Jinghua Pharmaceutical Ltd (SZSE:002349)	Chemicals / Others / TCM / MCM / Chemical Drugs	58	RMB 19.80	-	RMB 32.60	384	R&D, manufacture and trade of active pharmaceutical ingredients (APIs), intermediates, formulations, and traditional Chinese medicines
01/13/2010	Follow-on	Hong Kong	China Shineway Pharmaceutical Group Ltd (SEHK:2877)	TCM / MCM	191	HK\$ 13.27	(1.0)%	HK\$ 21.37	2,266	Develops and manufactures prescription and over the counter modern Chinese medicines across various indications
01/07/2010	IPO	Shenzhen Chinext	Inner Mongolia Free Han & Mongolii Pharmaceutical Co Ltd (SZSE:300049)	TCM / MCM	81	RMB 28.98	-	RMB 37.83	412	R&D, manufacture and sale of traditional Chinese medicinal products in hepatology

<sup>(1)</sup> Premium/Discount to Market is calculated based on the closing price of the day of pricing  
Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Four more pharmaceuticals companies went public during Q1, three of which are developers and manufacturers of medical chemicals and active pharmaceutical intermediates (APIs). The average first day gain in trading price of the new listings was approximately 30%, which is considerably lower than IPOs in the previous quarter when many companies experienced 100%+ first-day gains.

Chinese vaccine maker Sinovac successfully raised US\$66mm in a secondary offering on NASDAQ. Sinovac launched the world's first approved H1N1 vaccine after the swine flu outbreak, with other marketed/pipeline products in hepatitis, rabies, and various types of influenza. China's vaccine market has been receiving plenty of attention recently as many believe the latest health care reform by the Chinese government will boost market growth in preventive care related solutions such as vaccines. Novartis

estimates that the current vaccine market in China has exceeded US\$1 billion and will sustain solid double-digit growth going forward.

## Medical Supplies & Devices

### Selected M&A/Private Placements in Q1 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Tools &amp; Supplies</b>						
03/08/2010	Private Placement	EA, Inc.	OrbiMed	\$ 7	-	Manufactures invisible dental braces
<b>Diagnostic/Therapeutic Devices</b>						
03/10/2010	Private Placement	Beijing TCT Medical Technology Co., Ltd.	Fidelity Biosciences; Fidelity Asia Ventures	\$ 10	-	Develops and distributes medical equipment and supplies focusing on women health diagnosis and treatment
<b>Implants</b>						
NA						

Beijing-based TCT Medical announced its Series A financing of US\$10mm from Fidelity Biosciences and Fidelity Asia Ventures. According to TCT, the Company is the largest importer and distributor of diagnostic medical devices in obstetrics and gynecology. TCT is the exclusive distributor for Hologic/Cytec's leading cervical cancer screening product in China. TCT currently has more than 200 headcount in China.

### Selected Capital Markets Transactions in Q1 2010

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/(Discount) to Market <sup>(1)</sup>	Price as of Mar 31	Market Cap as of Mar 31 (US\$ MM)	Company Description
03/04/2010	Follow-on	NYSE	Mindray Medical International Ltd (NYSE:MR)	Diagnostic / Therapeutic Devices	\$ 153	US\$ 38.20	1.1%	US\$ 36.42	\$ 4,156	Develops and manufactures patient monitors, IVD devices and diagnostic imaging systems

<sup>(1)</sup> Premium/Discount to Market is calculated based on the closing price of the day of pricing  
Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Mindray, one of the largest patient monitoring and diagnostics equipment companies in China, raised US\$153mm in a secondary offering. While the Company has not articulated details of the use of proceeds, the offering is reportedly aimed at providing offshore financing for pursuing overseas business development opportunities, including acquisition of products and/or technological collaborations.

## Services

### Selected M&A/Private Placements in Q1 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Marketing &amp; Distribution</b>						
NA						
<b>Health Care Providers</b>						
01/06/2010	Private Placement	Asia Pacific Medical Group	Cathaya Funds	\$ 25	-	Develops premium medical facilities in China
<b>CROs and Other Services</b>						
03/03/2010	Private Placement	Porton Fine Chemicals Ltd	DT Capital	\$ 10	-	Provides custom and contract chemical development and manufacturing services for the pharmaceutical industry, focusing on chiral compounds, intermediates, unusual amino acids, chiral synthons, and heterocyclic compounds
01/11/2010	M&A	Bridge Laboratories China	Pharmaron Holdings Limited	NA	100.0%	A CRO in China with western GLP-compliant preclinical toxicology service capabilities

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Asia Pacific Medical Group ("APMG") raised US\$25mm from Cathaya Funds, a private equity firm financed by French industrialist Jacques de Chateaufvieux. Funds will be used to establish premium health care facilities with advanced medical technologies and treatment quality in cancer and other diseases. APMG currently has joint ventures with local medical institutions such as Beijing Tiantan Hospital and Shanghai Huashan Hospital in order to enhance its market coverage and positioning in China.

Chongqing-based contract manufacturing and medical chemicals manufacturer Porton Fine Chemicals raised US\$10mm from DT Capital. Porton develops chemical intermediates and APIs through chiral chemistry, serving global pharmaceutical companies such as J&J. Porton has 2 production and 2 R&D sites, with a headcount of over 600.

### Selected Capital Markets Transactions in Q1 2010

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/(Discount) to Market <sup>(1)</sup>	Price as of Mar 31	Market Cap as of Mar 31 (US\$ MM)	Company Description
NA										

<sup>(1)</sup> Premium/Discount to Market is calculated based on the closing price of the day of pricing  
Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

\* \* \* \* \*

**The material is a product of the Investment Banking Department of Cowen Latitude Asia ("Cowen Latitude").** *Unless otherwise specifically stated, any views or opinions expressed herein are solely those of the Investment Banking Department of Cowen Latitude and may differ from the views and opinions expressed by Cowen Latitude's other departments or divisions of Cowen Latitude and its affiliates.*

*This material is provided for information only and is not intended as a recommendation or trading strategy or an offer or solicitation for the purchase or sale of any security or financial instrument. This material is not intended as a recommendation as to the merits of any proxy solicitation with respect to any transaction referenced herein. Cowen Latitude and its affiliates may have positions (long or short), effect transactions or make markets in securities or financial instruments mentioned herein (or options with respect thereto), or provide advice or loans to, or participate in the underwriting or restructuring of the obligations of, issuers mentioned herein.*

*The information contained herein is as of the date referenced above and Cowen Latitude does not undertake any obligation to update such information. All market prices data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Past performance is not indicative of future results. The investments discussed may fluctuate in price or value. Cowen Latitude Asia is a member of the Securities and Futures Commission. Copyright 2010 Cowen Latitude Asia. All rights reserved.*