

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

ZHAOYIN WANG
Plaintiff,

v.

BETA PHARMA, INC., DON ZHANG,
AND ZHEJIANG BETA PHARMA
CO., LTD.,
Defendants.

Civil Action No. 3:14-cv-01790-VLB

JULY 21, 2015

PLAINTIFF'S RESPONSE TO ORDER TO SHOW CAUSE

On June 6, 2015, this Court ordered defendants Beta Pharma and Don Zhang to show cause why this case should not be remanded to the Superior Court for the Judicial District of New Haven, Connecticut, for lack of subject matter jurisdiction, on the grounds that this Court lacks diversity jurisdiction pursuant to 28 U.S.C. §1332 (a) (2). This Court based its order on its finding that plaintiff is an alien, a Canadian citizen and resident, and defendants include both two "domestic defendants"—Beta Pharma and Don Zhang-- and a "foreign defendant," Zhejiang Beta Pharma Co., Ltd., ("ZBP"), a corporation incorporated under the laws of the People's Republic of China. The Court applied the law of this Circuit, that "diversity is lacking . . . where on one side [of a complaint] there are citizens and aliens and on the opposite side there are only aliens." Universal Licensing Corp. v. Paola del Lunco, S.p.A., 293 F. 3d 579, 581 (2d. Cir. 2002).

On June 7, 2015, defendants Beta Pharma and Zhang responded, contending that this court may find that it has subject matter jurisdiction over this action if it chooses to ignore the presence of the China defendant ZBP.

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Defendants urged the Court to do so on two grounds. First, they claimed that ZBP was neither necessary nor indispensable on the ground that it was a “mere stakeholder” in litigation between plaintiff and the New Jersey defendants Beta Pharma and Zhang. Second, they argued that plaintiff had “fraudulently joined” ZBP in this case solely for the purpose of defeating diversity jurisdiction because, as they saw it, there was no state of fact or law under which plaintiff could ever prevail against ZBP. Both of defendants’ arguments fail, as set forth below. Accordingly, this Court lacks subject matter jurisdiction and the case should be remanded to the Superior Court.

I. BACKGROUND

This case arises from the business relationship between plaintiff, Zhaoyin Wang, and the defendants. Plaintiff has brought claims for breach of contract, negligent misrepresentation, fraudulent misrepresentation, and breach of fiduciary duty against defendants Beta Pharma and Zhang. Plaintiff has also sought a declaratory judgment against the Chinese defendant ZBP, seeking to compel ZBP to recognize plaintiff’s rightful interest in the ZBP stock he earned and was awarded by Beta Pharma and Zhang.

In particular, plaintiff alleges that Beta Pharma is a privately owned Delaware corporation with a principal place of business in Branford, Connecticut as of the time of the transactions alleged herein and until January, 2013. Beta Pharma is in the business of researching, developing and marketing pharmaceuticals. Further, Beta Pharma identified its officers as Don Zhang,

President, resident at 31 Business Park Drive, Branford; Mehrnaz Kamal, Vice President, resident in Oxford, Connecticut; and Guojian Xie, Vice President, resident of Cheshire, Connecticut. (Exhibit B to Opposition to Motion to Transfer, Docket Entry 21 at 38)¹. At all times relevant to this action, defendant Zhang has been the majority stockholder and President of Beta Pharma.

In approximately 2002 and 2003, Beta Pharma scientists invented, patented and synthesized Icotinib, a molecule which showed promise as a treatment for non-small cell lung cancer. Beta Pharma's development work on Icotinib continued thereafter. In approximately 2002, Beta Pharma joined with other investors to form a joint venture to develop, test and market Icotinib in the People's Republic of China. These joint venturers formed ZBP, a privately owned corporation organized under the laws of China. Beta Pharma contributed the patent rights to Icotinib to the joint venture, and received in exchange a 45% interest in ZBP. Defendant Zhang was designated as a Vice-President of ZBP and a director thereof.

Plaintiff Wang is a medicinal chemist who earned his Ph.D. at Yale and now resides in Quebec, Canada. On March 26, 2010, when defendant Beta Pharma's principal place of business was in Connecticut, it entered into a written partnership agreement with plaintiff - - executed in Connecticut by defendant Zhang -- pursuant to which plaintiff was to perform professional services for Beta Pharma in Connecticut and elsewhere, as well as to go into business with Beta Pharma. In exchange, plaintiff was to receive valuable consideration including a

¹ Plaintiff incorporates by reference his Memorandum of Law filed in opposition to defendants' Motion to Transfer this case to New Jersey, Docket Entry 21, and Exhibits thereto.

salary of 850,000 Chinese RMB yuan per year (about U.S. \$140,000 per year), 2 million shares or about 2% of the stock in Beta Pharma, and 3 million shares or 1% of the stock in ZBP.² In particular, the partnership agreement, attached to the complaint as Exhibit A (Docket Entry 1-1 at 39) contained the following language, written in the present tense as of March 22, 2010:

Your total ownership of Zhejiang Betapharma (sic) is one percent. Following Zhejiang Betapharma company rules and regulation, upon certain point such as company go public, the transaction will be executed following the detailed procedure that will be described in Zhejiang Betapharma stock ownership policy.

In reliance on the promises contained in the agreement, and in performance of his obligations under that agreement, plaintiff (a) formed Beta Pharma Canada, ("BPC") a Canadian corporation owned 51% by plaintiff and 49% by defendant Zhang; (b) invested approximately \$300,000 of his funds into setting up and operating the BPC laboratory; (c) worked for BPC full time for approximately 3 years, performing drug discovery research and developing new medicinal molecules for treatment of cancer and inflammatory disease; (d) applied for patents for the new molecules he discovered while working at BPC; (e) worked with Beta Pharma to develop Icotinib and reinforce the Icotinib patent; and (f) performed other work and did other business to advance Beta Pharma, BetaPharma Canada and Zhang. (Docket Entry 1-1 at 6-7).

² Subsequent to the Partnership Agreement, ZBP was restructured as a corporation with 150 million shares; 1% of the stock is therefore 1,500,000 shares.

Defendants, however, failed to pay plaintiff Wang his salary under the agreement, discontinued funding for Beta Pharma Canada, failed to deliver promised shares of Beta Pharma to plaintiff, failed to register the shares of ZBP in plaintiff's name on the records of ZBP in China such that plaintiff could participate in the planned initial public offering of ZBP shares in China, and failed to cause plaintiff to participate in the anticipated ZBP public offering in China – all in violation in the agreement and applicable law.

Further, in the Ninth Count of his complaint, plaintiff alleged that Beta Pharma and ZBP, acting by Don Zhang, then simultaneously President of Beta Pharma and Vice President of ZBP and a member of the ZBP Board of Directors, transferred 1% of ZBP stock to plaintiff pursuant to the Partnership Agreement. Subsequent to the Partnership Agreement, ZBP issued a draft prospectus dated June 17, 2014 for an Initial Public Offering on the Shenzhen Growth Enterprise Market in China. (Exhibit A to Declaration of Attorney Jonathan Katz dated July 21, 2015, submitted herewith, hereafter "Katz Declaration"). Both the Prospectus (Exhibit A, pages 1-1-44 through 1-1-46) and Beta Pharma's Answers to Interrogatories in Guojian Xie v. Beta Pharma, et al., Superior Court, Complex Litigation at Waterbury, Connecticut, Docket Number X06-UWY-CV13-6025526-S (hereinafter, "the Xie action") (Exhibit B to Katz Declaration) set forth accountings of the shareholdings in ZBP, aggregating 100% of the shares. In both documents, the interest of Beta Pharma (referred to in the Prospectus as "BETA") is said to be 11,935,350 shares or 7.9569% of the issued and outstanding 150 million shares, and there is no entry for Zhaoyin Wang's 1%. Under these

circumstances, the statements in the Prospectus appear to be false in that the stock ownership table should include Zhaoyin Wang, with 1,500,000 shares or 1%, and reduce Beta Pharma's interest accordingly³.

The Prospectus contains written commitments from the ZBP corporate officers Lieming Ding, Yinxiang Wang, and numerous others that the Prospectus does not contain any "false record, misleading statement or major omission" (Exhibit A to Katz Declaration at 1-1-10 et seq.)—a commitment which suggests strongly that ZBP has a bona fide interest in knowing exactly who its shareholders are, so that it may publish accurate information for potential investors. Plaintiff sought a declaratory judgment against ZBP to compel ZBP to ". . . . list his shares and ownership on the official record of shareholders in the Peoples Republic of China, and requiring that ZBP grant him all other rights appurtenant to his status as a ZBP shareholder under the laws of China, including any and all rights to participate in the impending initial public offering on the stock exchange in China, and as more fully set forth in the Claim for Relief attached hereto." (Docket Entry 1-1 at 35). The IPO has not yet been issued, in part because it has not yet been approved by the China Securities Regulatory Commission, and in part because the Chinese government has declared a moratorium on IPOs as a result of the recent general and abrupt devaluation of the Chinese stock markets.

II. ARGUMENT

³ Beta Pharma's interest should also be reduced to account for the shares it and Zhang sold or promised to others, including the Shao plaintiffs, Guojian Xie, and several other persons who paid cash to Beta Pharma and Zhang for ZBP shares.

1. ZBP IS A NECESSARY PARTY, NOT A “MERE STAKEHOLDER.”

This Court has fairly summarized the basis of plaintiff's claims against ZBP in its Order to Show Cause, (Docket Entries 82-2 and 82-3). Importantly, plaintiff's Complaint does not merely allege a legal conclusion that “authority over the possession of and rights accompanying ZBP's shares rests with ZBP alone.” Rather, it alleges facts from which this conclusion may fairly be inferred. These factual allegations, which the Court must regard as true for the purposes of jurisdiction, include a series of wrongs committed by Don Zhang, individually, in his dual capacity, as President of Beta Pharma, and as Vice President and a director of ZBP. (Complaint, First Count ¶8; Ninth Count, ¶ 9) (Docket Entry 1-1). These wrongs include claims that defendants failed “ to disclose to plaintiff that the ZBP board of directors would not permit BP to transfer shares to plaintiff, and would not recognize BP's transfer of shares, and that it had ordered BP to cancel or unwind the transaction by paying plaintiff the fair market value of his interest in ZBP.” (Complaint, Fifth Count , ¶ 13(g); and Eighth Count, ¶ 14(g) and elsewhere, in substance, in the Complaint, Docket Entry 1-1.) If plaintiff is to perfect his interest in his ZBP shares, he must prevail upon the ZBP Board of Directors to recognize and document his ownership interest. This is a portion of the declaratory relief he seeks in the Ninth Count.

In an effort to convince this Court that plaintiff has no actual claim against ZBP such that the Court may safely ignore ZBP's presence as a party in this case, defendants argue that ZBP has no interest in the identities of its shareholders, and no authority to supervise transactions in its shares. Defendants assert that

ZBP's role in this case is that of a "mere stakeholder" because ZPB has no say in who owns or transfers its shares:

Because ZJBP is a Joint Stock Company, pursuant to the laws of the PRC, if a shareholder in ZJBP transfers its stock to another individual, ZJBP itself does not have legal authority to approve or reject the transfer. Clarke Decl. at Par. 4 (Docket Entry 88-1 at 3).

(Defendants' Response to Order to Show Cause at 16) (Docket Entry 88-16). The problem with this argument, however, purportedly supported by defendants' hired experts, is that it is totally contrary to the facts of this case as explicated by defendants themselves. The developed record in this case, and other litigation against these defendants demonstrates facts establishing that the ZBP board (of which defendant Zhang was then a member) deliberately exercised dominion and control over the identities of its shareholders and the transfer of its shares. This is established by the sworn declarations of defendant Zhang, by statements his counsel has made elsewhere in these proceedings, and by Chinese law applicable at the time of the relevant events.

a. The ZBP Board Action to Control Ownership of ZBP shares

In public filings in the case of Shao v. Beta Pharma, 3:14-cv-01177-CSH, defendants have discussed ZBP corporate action by which the ZBP directors required repurchase of ZBP shares. (See *infra*, pp. 9 – 10). Plaintiff contends that evidence exists concerning the actions of the ZBP Board, which defendants have published in the Shao case under seal. The relevant document, in Chinese and English, appears as Exhibit 16 to the Supplemental Affidavit of Don Zhang dated January 30, 2015, filed under seal by defendants as part of their now-failed effort

to disqualify undersigned counsel in the Shao case.⁴ [Docket Entry 67-2, Exhibit 16, filed under seal in Shao v. Beta Pharma, Docket No. 3:14-cv-01177-CSH.] Because the ZJB Board disapproved Board-member Don Zhang's transfers of shares to the Shao plaintiffs, it became necessary for defendant Zhang to repurchase those shares. The ZBP Board action demonstrates that the ZBP Board has itself asserted control over the ownership and transfer of ZBP shares and has wielded power over unapproved transfers of ZBP stock.

Statements made by defendants in public pleadings in the Shao action have substantiated the ZBP Board's exercise of control over transactions in ZBP shares. On October 14, 2014, defendants moved to disqualify undersigned counsel in the Shao action, which motion was denied by Judge Haight after hearing.⁵ In support of their motion, defendants filed the Affidavit of Don Zhang in which Zhang swore to the truth of the following:

20. In addition, in September 2012 [Lance] Liu traveled to China to attend ZJBP board meetings as Beta Pharma's lawyer and representative.

21. At those ZJBP board meetings, decisions were made concerning Beta Pharma's right to transfer ZJBP stock to

⁴ The sealed document in question is neither an attorney-client privileged communication between Beta Pharma and one of its lawyers, nor the protected work product of any lawyer for Beta Pharma. Undersigned counsel has requested Beta Pharma's lawyers to permit its publication for purposes of this Order to Show Cause; if they agree, plaintiff will supplement the record in this motion. If they refuse, counsel will file a Motion to Unseal in the Shao case.

⁵ See Docket Entries 78 and 79 in Shao v. Beta Pharma, Docket No. 3:14-cv-001177-CSH. The Court filed its ruling under seal.

Buyers with whom Beta Pharma had entered or intended to enter into stock purchase agreements, and ZJBP's initial public offering.

22. Liu voted my proxy in at least one of these ZJBP board meetings.

Docket Entry 20-2 at 6 in Shao v. Beta Pharma, Docket No. 3:14-cv-001177-CSH.

Defendants further explicated these averments in the Shao case by filing in Shao a brief they filed in another case, their "Brief in Support of Plaintiff's Application for an Order to Show Cause With Temporary Restraints" in the case of Beta Pharma, Inc., et al. v. Lance Liu, which defendants filed in the Superior Court of New Jersey Law Division, Mercer County. In that Brief, Attorney Jack Kolpen, defendants' lead counsel in this case, wrote:

Liu even traveled to China as Beta Pharma's lawyer to attend a ZJBP board meeting in September, 2012, during which ZJBP confirmed it would not permit Beta Pharma to transfer ZJBP stock to the plaintiffs in the Buyers' Action [the Shao case], among others.

Docket Entry 20-3 at 21 in Shao v. Beta Pharma, Docket No. 3:14-cv-001177-CSH, (emphasis added). Indeed, the purpose of the Shao case itself is to enforce agreements defendants made to buy ZBP stock back from the Shao plaintiffs as a result of ZBP ordering them to do so. Obviously, ZBP is not a "mere stakeholder" uninterested in who owns or trades its shares. Rather, it is keenly interested in the identities of its shareowners, the number of shares each owns, and the proportion of each shareholding to the total issued stock. In fact, in its Prospectus for its Public Offering, ZBP has published a list of its stockholders, aggregating 100% of its shares. Defendants have sworn to the accuracy of the

list. (Exhibit B to Katz Declaration). Neither plaintiff Zhaoyin Wang, nor the plaintiffs in the Shao action, nor any of the other people to whom Zhang and Beta Pharma sold ZBP shares, are listed as ZBP stockholders.

b. The Law on Sino-Foreign Equity Joint Ventures

Defendants' experts on Chinese law state that ZBP was a Sino-foreign equity joint venture (a limited liability company) until August 29, 2013, when it converted itself to a Joint Stock Company under Chinese law. (Declaration of Rui Li) (Docket Entry 88-3). Plaintiff acquired his interest in ZBP in March, 2010 (Complaint, ¶¶ 3-4), three and a half years before the conversion, and at a time when ZBP was a limited liability company operating pursuant to the Law on Sino-Foreign Equity Joint Ventures. That law explicitly vests control over transfer of shares in the other parties to the joint venture. Specifically, Article 4 provides, in part, "The transfer of one party's share of the registered capital shall be effected only with the consent of the other parties to the equity joint venture." Law on Sino-Foreign Equity Joint Ventures, English translation as published by the Ministry of Commerce of the Peoples Republic of China) (Exhibit C to Katz Declaration). Thus, the Chinese law applicable at the time Dr. Wang acquired his interest vests control of the transfer in the other equity owners of ZBP, including its board members. The Board took action in September, 2012, prior to the conversion to the Joint-Stock format.⁶

⁶ Defendants have not previously argued that ZBP's conversion to joint-stock format deprived ZBP of an interest in who owns its shares. This is unsurprising because they cannot credibly do so when ZBP has not yet gone public, and when the Offering Statement purports to disclose accurately the identities of the shareholders and the quantities and percentages of shares they own.

The ZBP Board action, the sworn declarations of defendant Zhang, the statements his counsel has made elsewhere in these proceedings, and the Chinese law applicable at the time of the relevant events, establish that the ZBP Board exercised control over the identities of its stockholders and the transfer of its shares. ZBP is not a “mere stakeholder” uninterested in who owns its shares, but, rather, a necessary party to this action so that plaintiff can obtain complete relief. Plaintiff’s claims against ZBP are real, and not, as defendants allege, a fraudulent scheme to deprive this court of diversity jurisdiction.

2. THIS COURT SHOULD FIND THAT ZBP WAS NOT “FRAUDULENTLY JOINED” IN THIS CASE FOR THE SOLE PURPOSE OF DEFEATING DIVERSITY JURISDICTION.

Defendants argue that it is unnecessary for this Court to consider the citizenship of ZBP in this jurisdictional analysis because ZBP is a fraudulently joined defendant. The allegations of plaintiff’s complaint, however, demonstrate that ZBP has not been fraudulently joined in this matter. Thus, defendants have failed to carry their heavy burden of demonstrating that ZBP should not be considered in the Court’s jurisdictional analysis because of fraudulent joinder.

“Under the doctrine of fraudulent joinder, ‘courts overlook the presence of a non-diverse defendant if from the pleadings there is no possibility that the claims against that defendant could be asserted in state court.’” Retirement Program for Employees of the Town of Fairfield v. NEPC, LLC, 642 F.Supp.2d 92, 95 (2009) (quoting Briarpatch Ltd. v. Phoenix Pictures, Inc., 373 F.3d 296, 302 (2d Cir. 2004).

“The defendant bears the heavy burden of proving of proving [fraudulent joinder] by clear and convincing evidence with all factual and legal ambiguities resolved in favor of plaintiff.” Retirement Program for Employees of the Town of Fairfield, 642 F.Supp.2d at 95 (internal quotation marks and citation omitted). See also Wise v. Lincoln Logs, Ltd., 889 F.Supp. 549, 552 (D.Conn. 1995) (“A claim that joinder is fraudulent must be asserted with particularity and supported by clear and convincing evidence.”).

“The test for determining whether or not a defendant has been fraudulently joined has been summarized as follows:

[a] joinder may be fraudulent and a sham if the allegations in the plaintiff [s] pleading with reference to the resident defendants are shown to be so clearly false and fictitious that no factual basis exists for an honest belief on the part of plaintiff that there is liability-in short that the joinder is without any reasonable basis in fact and is made without any purpose to prosecute the cause in good faith....”

Wise, 889 F.Supp. at 552 (citing Metropolitan Property & Casualty Insurance Co. v. J.C. Penney Casualty Insurance Co., 780 F.Supp. 885, 887 (D.Conn. 1991) (stating that the “stringent test for fraudulent joinder” requires that if any reasonable basis exists for predicting that relief will be granted against the allegedly fraudulently joined defendant, the court will not disregard that defendant for jurisdictional purposes). See also Nemazee v. Premier, Inc., 232 F.Supp.2d 172, 178 (S.D.N.Y. 2002) (“Any possibility of recovery, even if slim, militates against a finding of fraudulent joinder; only where there is ‘no possibility’ of recovery is such a finding warranted.”) (citing Whitaker v. American Telecasting, Inc., 261 F.3d 196, 207 (2d Cir.2001)).

Plaintiff alleges facts in his complaint demonstrating that he has a good-faith, factually supported claim against ZBP. For example, plaintiff alleges that the 2010 agreement promised plaintiff substantial shares of ZBP stock, and that the agreement was executed by defendant Zhang -- an officer of both ZBP and Beta Pharma (owner of a substantial minority interest in the shares of ZBP).⁷ Furthermore, plaintiff makes additional allegations concerning misrepresentations made by Beta Pharma and defendant Zhang, individually and on behalf of ZBP and Beta Pharma, about providing plaintiff with a stock interest in ZBP.⁸

The allegations of plaintiff's complaint, construed in plaintiff's favor, demonstrate that ZBP is a proper defendant in this case. In view of these allegations, it cannot be said that plaintiff's claim against ZBP "is so flawed that it would be impossible for the plaintiff to recover." Retirement Program for Employees of the Town of Fairfield, 642 F.Supp.2d at 97. Thus, defendant ZBP is a proper defendant in this action.

⁷ The full extent of Beta Pharma's interest in ZBP is disputed. In the related case of Shao, et al., v. Beta Pharma, et al., United States District Court, District of Connecticut, 3:14cv01177(CSH), plaintiffs contend that defendants Beta Pharma and Zhang sold them shares of ZBP pursuant to ZBP stock sale transactions in Connecticut. These share sales reduce Beta Pharma's percentage interest in ZBP.

⁸ In his complaint, plaintiff alleges in the Ninth Count at paragraph 2 that "[o]n or about March 26, 2010, for valuable consideration, BP and ZBP, acting through their officer Don Zhang and pursuant to a written contract made in Connecticut and to be performed in Connecticut, sold or transferred 1% of all issued and outstanding ZBP stock (represented by defendants' officer Zhang to be 3 million shares) to plaintiff Zhaoyin Wang." Plaintiff further alleges that "[o]n or about March 26, 2010, Zhang represented to plaintiff, in writing, that 'Your total ownership of Zhejiang Betapharma is one percent.'" (Complaint, Ninth Count ¶ 3).

As the allegations of his complaint demonstrate, plaintiff may obtain relief against ZBP. This is contrary to defendants' assertions that ZBP has been fraudulently joined because plaintiff's claim against ZBP is without possibility of success as a matter of law. Indeed, defendants argue a series of propositions, suggesting that at every turn plaintiff must perforce lose. They assert that plaintiff has not served the defendant ZBP; that plaintiff lacks personal jurisdiction over ZBP; that plaintiff has failed to default ZBP for failure to appear; that plaintiff cannot compel the government of China to recognize his share interests; and that plaintiff cannot enforce a U.S. judgment in China. They then bootstrap these propositions into their conclusion that plaintiff's claims against ZBP are, in essence, a fraud on the court, for the purpose of ousting it of jurisdiction. But none of their propositions are as clear-cut as they are made out to be, and some of them are just plain wrong. They do not support the proposition that plaintiff's case against ZBP is so utterly devoid of merit, or any chance of success, as to amount to jurisdictional fraud.

a. Plaintiff has accomplished valid service of process on ZBP.

Plaintiff notes at the outset that this Court's Order to Show Cause cites authority for the proposition that failure to effect any service of process at all on a named defendant still would not permit the court to ignore the presence of a non-diverse defendant. Plaintiff does not contest this proposition. Instead, plaintiff asserts that he has accomplished valid service of process upon ZBP in accordance with applicable Connecticut law.

In cases removed on grounds of diversity of citizenship, service of the summons and complaint is made in accordance with the law of the forum state. Volkswagenwerk Aktiengesellschaft v. Schlunk, 486 U.S. 694, 707-08, 108 S. Ct. 2104, 2112, 100 L. Ed. 2d 722 (1988). This action was commenced by summons and complaint returnable to the Superior Court for the Judicial District of New Haven, Connecticut. Service on ZBP was made as follows:

a. by Judicial Marshal Robert Miller delivering a true and attested copy of the original writ, summons and complaint to “the usual place of abode of Yinxiang Wang, Chief Executive Officer, who is duly authorized to accept service and who accepted service at 191 Brook Lane, Cheshire, Connecticut.”

b. by sending a similar true and attested copy of the Writ Summons and Complaint to Yinxiang Wang via Federal Express to:

Zhejiang Beta Pharma Co. Ltd.
c/o Yinxiang Wang
Chief Executive Officer/Secretary
589 Hongfeng Rd.
Yuhang, Zhejian 311100, China.

Confirmation of delivery was made via FedEx. See Marshal’s Return of Service. (Docket Entry 1-1 at 42).

In addition, undersigned counsel emailed a copy of the Summons and Complaint to Lieming Ding at lieming.ding@bettapharma.com, an email address through which counsel has previously communicated with Dr. Ding.⁹

Under Connecticut law, service of process on a private corporation is made pursuant to Connecticut General Statutes 52-57 (c) which provides for service as follows:

(c) In actions against a private corporation, service of process shall be made either upon the president, the vice president, an assistant vice president, the secretary, the assistant secretary, the treasurer, the assistant treasurer, the cashier, the assistant cashier, the teller or the assistant teller or its general or managing agent or manager or upon any director resident in this state, or the person in charge of the business of the corporation or upon any person who is at the time of service in charge of the office of the corporation in the town in which its principal office or place of business is located. In actions against a private corporation established under the laws of any other state, any foreign country or the United States, service of process may be made upon any of the aforesaid officers or agents, or upon the agent of the corporation appointed pursuant to section 33-922.

Conn. Gen. Stat. Ann. § 52-57 (West). Further, Conn. Gen. Stat. §33-922 provides that a foreign corporation may apply for a certificate of authority to do business in Connecticut, setting forth the name and address of its “registered agent” in this state. Section 33-929 provides for service of process on the “registered agent” of a foreign corporation designated under Section 33-922. ZBP has never

⁹ The ZBP website and prospectus state that Lieming Ding was formerly a U.S., permanent resident who has now returned to China. The ZBP documents state that Lieming Ding graduated from the University of Arkansas School of Medicine. Yinxiang Wang is an American citizen. According to the ZBP website and their stock prospectus, Dr. Yinxiang Wang has engaged in postdoctoral research at Yale University in the fields of molecular biophysics and biochemistry. These two men, highly educated in the United States, can likely read the standard form Superior Court summons and Complaint in English.

registered to do business in Connecticut and has never appointed an agent for service of process. However, its President and CEO Yinxiang Wang is a resident of Cheshire, Connecticut, and therefore ZBP is subject to abode service in Connecticut under Section 52-57(c), supra.

At least one Connecticut court has held that service of process on the registered agent of a foreign corporation, pursuant to the Connecticut corporation law, is permissive, not mandatory, and service on a foreign corporation pursuant to 52-57(c) has been held to be sufficient. See Townsend v. Xpect Discount Drugs, Ltd., No. CV06-50003805, 2006 WL 2349167, (Conn. Super. July 28, 2006) (denying motion to dismiss filed by foreign corporation on the grounds that plaintiff failed to comply with Sec. 33-929 and noting that Sec. 33-929(h) provides that “This section does not prescribe the only means, or necessarily the required means, of serving a foreign corporation.”) Because service of process has been made on ZBP’s CEO, who lives in Connecticut, it is unnecessary for plaintiff to go through the cost and delay of effecting service pursuant to the Hague Convention. The United States Supreme Court has held that service of process on a non-United States corporation is sufficient if it is made in the forum state, pursuant to that state’s law:

Where service on a domestic agent is valid and complete under both state law and the Due Process Clause, our inquiry ends and the [Hague] Convention has no further implications. Whatever internal, private communications take place between the agent and a foreign principal are beyond the concerns of this case. The only transmittal to which the Convention applies is a transmittal abroad that is required as a necessary part of service. And, contrary to VWAG's assertion, the Due Process Clause does not require an official transmittal of documents abroad every time there is service on a foreign national. Applying this analysis, we conclude that this case

does not present an occasion to transmit a judicial document for service abroad within the meaning *708 of Article 1. Therefore the Hague Service Convention does not apply, and service was proper.

Volkswagenwerk Aktiengesellschaft v. Schlunk, 486 U.S. 694, 707-08, 108 S. Ct. 2104, 2112, 100 L. Ed. 2d 722 (1988). In a case against a Chinese internet service provider, the District Court approved substituted service on defendant's New York counsel in lieu of compliance with the Hague Convention. In Jian Zhang v. Baidu.com Inc., 293 F.R.D. 508, 513 (S.D.N.Y. 2013) the court considered service of process on Baidu.com Inc., a Chinese internet service provider that has about 70% of the Chinese market for search engines. In particular, the court rejected service of process under the Hague Convention as the sole means for serving a Chinese corporation:

More generally, Baidu's assertion that Article 13 refusal precludes alternative service assumes that the Hague Convention is the exclusive means of service on a foreign defendant, rather than a set of procedures, exclusive or not, for serving a defendant by transmitting judicial documents abroad. The purpose of the Hague Convention is " 'to create appropriate means to ensure that judicial and extrajudicial documents to be served abroad shall be brought to the notice of the addressee in sufficient time.' " *Burda Media, Inc. v. Viertel*, 417 F.3d 292, 300 (2d Cir.2005) (quoting Hague Convention pmb.); see also Hague Convention art. 1 (stating that the Convention applies "in all cases, in civil or commercial matters, where there is occasion to transmit a judicial or extrajudicial document for service abroad"). As the Supreme Court has explained, "[t]he *only* transmittal to which the Convention applies is a transmittal abroad that is *required* as a necessary part of service." *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 707, 108 S.Ct. 2104, 100 L.Ed.2d 722 (1988) (emphasis added). The Convention has "no further implications," therefore, "[w]here service on a domestic agent is valid and complete under both state law and the Due Process Clause." *Id.*; see also *GLG Life Tech Corp.*, 287 F.R.D. at 267 ("[S]ervice on GLG's counsel ... would not run afoul of the Hague Convention since ... no documents would be transmitted abroad."); *RSM Prod. Corp. v. Fridman*, No. 06 Civ. 11512(DLC), 2007 WL

2295907, at *3 (S.D.N.Y. Aug. 10, 2007) (holding that the plaintiff's request for court-directed service on the defendant through counsel in the United States pursuant to Rule 4(f) (3) did not implicate the Convention because it involved no transmittal of documents abroad).

Jian Zhang v. Baidu.com Inc., 293 F.R.D. 508, 513 (S.D.N.Y. 2013).

Here, plaintiff commenced this case in Connecticut Superior Court and service of process was properly accomplished according to Connecticut law. Defendants then removed it to the United States District Court. Such removal does not void service of process previously accomplished under state law, or require that plaintiff re-serve the complaint. See, 28 U.S.C. §1447 (c). Plaintiff has validly served process on ZBP.

B. Contrary to defendants' assertions, this court cannot find, on the present record, that plaintiff lacks personal jurisdiction over ZBP in Connecticut.

Defendants argue that the Court lacks personal jurisdiction over ZBP. However, neither defendants nor their counsel represent ZBP, and therefore lack standing to assert any jurisdictional defenses ZBP might have. ZBP itself has never appeared, or moved to dismiss for lack of personal jurisdiction. Defendants assert that the "uncontroverted allegations" in the Zhang Affidavit conclusively establish that this court lacks personal jurisdiction over ZBP. These purportedly "uncontroverted allegations" have never been made in any motion in which plaintiff had a need to controvert them, and thus, for purposes of the Order to Show Cause jurisdictional analysis, this Court accepts the factual allegations of personal jurisdiction over ZBP as true.

Moreover, substantively the record does establish that ZBP has sufficient contacts with the District of Connecticut to provide this Court with personal

jurisdiction over it. In particular, plaintiff alleges in his complaint. (Docket Entry 1-1 at 34), that although ZBP is a corporation incorporated under the laws of China, it does business in the State of Connecticut, engaging in the research, developing and marketing of prescription drugs. ZBP is a partially owned subsidiary of Beta Pharma which, at the time of the events in the complaint, had its principal place of business in Branford, Connecticut.

Additionally, to date, Beta Pharma still maintains a business presence in Connecticut. ZBP's Chief Executive Officer and Chief Scientific Officer, Yinxiang Wang, is a resident of Cheshire, Connecticut. See Docket Entry 15 at 8 (evidencing abode service on Yinxiang Wang in Cheshire, Connecticut) . Furthermore, Yinxiang Wang was, and is, one of the inventors of Icotinib, and some of its other, later-patented formulations. ZBP's Vice President, defendant Don Zhang, was a Connecticut resident at the time of the transactions giving rise to this lawsuit, and is President and majority shareholder of Beta Pharma, which still has a business presence here. ZBP has employed Connecticut scientists (including Yinxiang Wang and former Beta Pharma Vice President and employed chemist Guojian Xie) to do work for ZBP in Connecticut and China. ZBP employees have traveled to Connecticut to transact ZBP business in this state. Also, defendant Don Zhang, acting in his dual capacity as President of Beta Pharma and Vice President of ZBP, has sold or transferred ZBP shares in Connecticut, both to Connecticut residents and others including plaintiff, through private contracts entered in West Haven. These facts are sufficient to raise a contested issue of material fact concerning whether ZBP has had sufficient

contacts with the State of Connecticut to be sued here pursuant to the Due Process clause.

C. Whether plaintiff has moved to default ZBP is immaterial.

Defendant asserts that plaintiff has not yet moved to default ZBP for failure to appear, and that this procedural decision evidences that plaintiff's suit against ZBP is fraudulent. The defendant cites no law for this strange argument, and clearly the decision to move for default for failure to appear, and the timing of that motion, is a tactical one, unrelated to the merits of the underlying claim.

D. Approval of the Chinese government is irrelevant to the present dispute; even if relevant, it may be accomplished.

Defendant argues at page 17 of its brief that ZBP is fraudulently joined because “. . . neither Plaintiff, Beta Pharma, Zhang nor this Court can compel the [government of the People's Republic of China] to recognize the transfer of stock in ZJBP to plaintiff, a Canadian citizen.” On the other hand, none of those parties can compel the Chinese government to reach the opposite conclusion and ignore the transfer of stock, either. The Chinese government might well recognize Zhaoyin Wang's shareholding, if ZBP (and, to the extent required, Beta Pharma and Zhang) were to seek approval for the transfer. Such approval would appear to be consistent with Article 2 of the Law on Sino-Foreign Equity Joint Ventures, which evidences the Chinese government's policy in favor of protecting the investments of foreign joint venture partners. That law provides, at Article 2:

The Chinese government, pursuant to the provisions of agreements, contracts and articles of association which it has approved, shall protect foreign partners' investment in equity joint ventures, profits due to them and their other legal rights and interests in accordance with the law.

Exhibit C to Katz Declaration, at P. 1.

In any event, the Chinese government is not a party to this case. What it might do, or might not do, after plaintiff obtains judgment against ZBP, is in some respects as much a political and diplomatic question as a legal one. The issue is clearly not determinative of whether plaintiff's claims against ZBP constitute a fraud on the Court, and hardly presents a compelling argument for retaining jurisdiction in this case.

E. A judgment against ZBP is enforceable in the United States, and may be enforceable in China.

Defendants lastly assert that a judgment against ZBP is not enforceable in China. They point out that there is no treaty granting reciprocity between Chinese and United States judgments. Assuming that is true today, there is no assurance that it will remain true during the lifetime of a Connecticut judgment against ZBP. Conn. Gen. Stat. §52-598 provides a 25 year statute of limitations for suing to enforce a judgment.¹⁰ Given the increasing commercial and political ties between the United States and China, the ebb and flow of litigation, and the needs of the respective sovereigns and their citizens, defendants simply cannot guarantee

¹⁰ That section provides in relevant part: (a) No execution to enforce a judgment for money damages rendered in any court of this state may be issued after the expiration of twenty years from the date the judgment was entered and no action based upon such a judgment may be instituted after the expiration of twenty-five years from the date the judgment was entered, except that there shall be no time limitation on the issuance of such execution or the institution of such action if the judgment was rendered in an action to recover damages for personal injury caused by sexual assault where the party legally at fault for such injury was convicted of a violation of section 53a-70 or 53a-70a.

**350 Orange Street
New Haven, Connecticut 06511
Telephone: (203) 772-3100
Facsimile: (203) 772-1691
Federal Juris No.: ct00182
Email jkatz@jacobsllaw.com**

CERTIFICATE OF SERVICE

I hereby certify that on July 21, 2015, a copy of the foregoing was filed electronically and served by mail on anyone unable to accept electronic filing. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system or by mail to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

/s/

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EXHIBIT A

The shares, after being issued, are to be listed in Growth Enterprise Market (GEM), which has relatively high investment risks. GEM companies are characterized by unstable performance, high operating risks and big risk of delisting, and a greater market risks to investors. Therefore, investors shall fully learn about the investment risks in GEM and the risk factors disclosed by the Company, and then make a prudent decision on investment.



Betta Pharmaceuticals Co., Ltd.

(No. 589, Hongfeng Road, Yuhang Economic and Technological Development Zone, Hangzhou)

**Prospectus for Initial Public Offering
And Listing on the Growth Enterprise Market
(Draft)**



**Sponsor (Lead Underwriter)
CICC
China International Capital Corporation**

27-28/F, World Trade Center Tower 2, No. 1 Jianguomenwai Avenue, Beijing

The IPO application filed by the Company has not yet been approved by the China Securities Regulatory Commission. This Prospectus (draft) has no legal effect on which to issue any shares and is for advance disclosure only. Investors are advised to make investment decisions based on the formally published prospectus.

Offering Summary

The type of shares to be issued: RMB-denominated ordinary shares (A share)

The number of shares to be issued: The shares to be issued would be no more than 50 million shares, and this issue does not involve the public offering to investors by shareholders holding shares for full three years.

Par value per share: RMB 1.00 Yuan

Issue price per share: RMB [] Yuan

Expected date of issue: MM/DD/YYYY

Proposed stock exchange: Shenzhen Stock Exchange

Total share capital after IPO: 200 million shares

Sponsor (lead underwriter): China International Capital Co., Ltd.

Date of signature: June 17, 2014

Statement of the Issuer

The issuer and its directors, supervisors and senior executives undertake that the Prospectus is free from false records, misleading statements or major omissions; and that they will be jointly and severally liable for the authenticity, accuracy, integrity and timeliness of the Prospectus.

If the Prospectus and other information and disclosure materials of the issuer contain false records, misleading statements or major omissions and thereby cause investors to suffer losses in the course of securities issuance and trading, the issuer and its directors, supervisors, senior executives, the controlling shareholders of the issuer, the actual controller, the sponsor, and the underwriting securities Company undertake to be liable for such loss according to the law.

Securities service institutions undertake to be liable for the loss according to the law if the documents publicly issued, made and presented by them on behalf of the issuer contain false records, misleading statements or major omissions and thereby cause others to suffer losses.

The person in charge of the Company, the person in charge of accounting affairs, and the person in charge of the accounting firm undertake that the financial and accounting data stated in the Prospectus is authentic and integrate.

The decisions or opinions made by CSRC on the initial public offering do not constitute their substantive judgment on or guarantee to the profitability of the issuer, investment value or return for the investors. Any statements to the contrary shall be false statements.

Under the *Securities Law*, the issuer shall be liable for changes in its business operation and proceeds, while the investors shall make independent judgment of the investment value of the issuer, make independent investment decisions, and shall be liable for investment risks resulted from the changes on the business and proceeds of the issuer or the changes in the share price.

The reduction of holding-shares shall comply with relevant provisions of the laws and regulations and stock exchange rules. If the dumping is conducted within two years after the expiration of the lock-up period for the Company's shares, the price of the dumping shall be not lower than that of the Company's initial public offering. The public announcement of the dumping shall be made three trading days in advance. From the listing of the Company's shares to the dumping, in case of any ex-right and ex-dividend proceedings, such as dividends payout, shares donation, transfer of capital reserve to share capital, allotment of shares, etc., the floor price of the dumping and the number of the shares reduced shall be adjusted accordingly.

Prior to this offering, for the details of the dumping intention of controlling shareholders, actual controllers and shareholders holding 5% or more, see "IX. Important Commitment Made by Actual Controllers, Shareholders, Directors, Supervisors, Senior Executives, and Intermediary Organizations" in "Section V Basic Information of the Issuer" of this Prospectus.

VII. Commitment of No False Record, Misleading Statement or Major Omission in the Prospectus

(I) Commitment of No False Record, Misleading Statement or Major Omission in the Prospectus by the Company

The Company undertakes that if there is false record, misleading statement or major omission in the *Prospectus for Initial Public Offering and Listing on the Growth Enterprise Market Prospectus of Beta Pharmaceutical Co., Ltd.* and thereby a significant and substantial effect is caused on the judgment of the conformity of the Company to the issuance conditions stipulated by the law, the Company will repurchase all the new shares in the initial public offerings in accordance with the law, whose price depends on that in the secondary market. If the Prospectus contains false records, misleading statements or major omissions and thereby causes investors to suffer losses in the course of securities trading, the Company undertakes to be liable for such loss according to the law. The specific compensation standards, compensation subject, compensation amount and other details, in case of actual occurrence, shall be subject to the final compensation scheme determined in accordance with the law.

(II) Commitment of No False Record, Misleading Statement or Major Omission in the Prospectus by Actual Controllers, Controlling Shareholders and Persons Acting in Concert of the Company

1. Ding Ming, the actual controller of the Company, undertakes that if there is false record, misleading statement or major omission in the *Prospectus for Initial Public Offering and Listing on the Growth Enterprise Market Prospectus of Beta Pharmaceutical Co., Ltd.*, which thereby causes investors to suffer losses in the course of securities trading, he would be liable for such loss according to the law. The specific compensation standards, compensation subject, compensation amount and other details, in case of actual occurrence, shall be subject to the final compensation scheme determined in accordance with the law.
2. YINXIANG WANG, as the controlling shareholders of the Company, Kaiming Investment, and Beicheng Investment, and FENLAI TAN, as the actual controller and the person acting in concert, hereby undertake that if there is false record, misleading statement or major omission in the *Prospectus for Initial Public Offering and Listing on the Growth Enterprise Market Prospectus of Beta Pharmaceutical Co., Ltd.* and a significant and substantial effect is thus caused on the judgment of the conformity of the Company to the issuance conditions stipulated by the law, they will repurchase all the original restricted shares transferred in accordance with

the law, whose price depends on that in the secondary market; if there is false record, misleading statement or major omission in the Prospectus, which thereby causes investors to suffer losses in the course of securities trading, they would be liable for such loss according to the law. The specific compensation standards, compensation subject, compensation amount and other details, in case of actual occurrence, shall be subject to the final compensation scheme determined in accordance with the law.

(III) Commitment of No False Record, Misleading Statement or Major Omission in the Prospectus by Directors, Supervisors, and Senior Executives

YI SHI, YING DU, Sun Zhihong, Li Shuguang, Ding Lihua, Ren Mingchuan, Cai Wanyu, Hu Yunyan, Huang Ling, LINGYU ZHU, SHAOJING HU, Wang Xiaojie, Wan Jiang, Shen Haijiao, Xu Sulan, Tong Jia, as the directors, supervisors, and senior executives of the Company, undertake that if there is false record, misleading statement or major omission in the *Prospectus for Initial Public Offering and Listing on the Growth Enterprise Market Prospectus of Betta Pharmaceutical Co., Ltd.*, which causes investors to suffer losses in the course of securities trading, they would be liable for such loss according to the law. The specific compensation standards, compensation subject, compensation amount and other details, in case of actual occurrence, shall be subject to the final compensation scheme determined in accordance with the law.

For the details of the commitment of no false record, misleading statement or major omission in the Prospectus by the Company, the actual controller, controlling shareholders and persons acting in concert, directors, supervisors, and senior executives, see "IX. Important Commitment Made by Actual Controllers, Shareholders, Directors, Supervisors, Senior Executives, and Intermediary Organizations" in "Section V Basic Information of the Issuer" of this Prospectus.

VIII. Measures to Fill the Diluted Immediate Returns

To bate the effects of this offering on the dilution of the immediate return, the Company plans to, by speeding up the investment and construction progress of projects to be invested by the raised funds, enhancing the management of the raised funds, accelerating the research and development innovation so as to improve the competitive capacity and sustainable profitability of the Company, implementing positive profit distribution policy, etc. to improve sales revenue, thicken the future performance, and increase returns to shareholders, so as to fill the dilution of the immediate return by this issuance. Specific measures are as follows:

(I) Speeding up the Investment and Construction Progress of Projects to be Invested by the Raised Funds to Achieve the Profit from the Project as Soon as Possible

The project invested from the funds raised by this offering is closely related to the Company's main business, and comply with relevant national industrial policy. The completion of the project would improve the research and development ability of the Company, optimize the product structure and enlarge the market share, which will boost the profitability, the core competitiveness and the sustainable development ability of the Company.

In order to regulate the management and use of the fund raised and ensure that the fund raised through this issuance would be specially used for the investment project, according to provisions and requirements of the *Company Law*, the *Securities Law* and the *Shenzhen Stock Exchange, Growth Enterprise Market Listing Rules* and other laws and regulations, the Company, combining with the practical situation, has formulated the *Management Measures for Fund-raising* that explicitly stipulates that the Company would adopt the special account storage system for the raised funds for the convenience of its management and usage as well as the supervision of the usage so

that the fixed fund would be used for the fixed use. Within two weeks after the availability of the funds raised by this offering, the Company would sign the three-party supervision agreement on the special account storage for the raised funds with the sponsor and the commercial bank for the storage of the raised funds to open a special account for the raised funds for the strict supervision of the usage of the raised funds. The Company would accelerate the investment and construction of the project invested by the raised funds, fully mobilize all aspects of resources, timely and efficiently complete the construction of the project invested by the raised funds, and guarantee the smooth access to the market after the completion of the project through positive market developments and good communication with customers. Through comprehensive promoting measures, the project invested by the raised funds would be strived to be completed and the expected benefits would be realized on an early date.

(II) Accelerating the Research and Development Innovation so as to Improve the Competitive Capacity and Sustainable Profitability of the Company

The research and development of new drugs is the foundation of the survival and development of pharmaceutical enterprises, so the Company will continue to actively carry out the research and development of new drugs on the existing basis. Relying on its own excellent research and development capabilities and abundant industry experience of the management, the Company accurately grasps the development trend of the industry and the innovation direction, and continues to increase the investment in new drug research and development, so that the Company's products will be further diversified, which is beneficial to the improvement of the profitability and anti-risk ability of the Company.

(III) Implementing Positive Profit Distribution Policy

In order to further standardize the profit distribution policy of the Company, the annual shareholders meeting of the Company in 2013 discussed and approved the *Proposal on Making the "Articles of Association of Beta Pharmaceutical Co., Ltd. (Draft)" Applicable after Listing*. According to relevant requirements of *Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies*, combining with the practical situation of the Company, the *Articles of Association of The Beta Pharmaceutical Co., Ltd. (Draft)* applicable after listing specifies the relevant provisions about the profit distribution. After the public offering, the Company will implement positive profit distribution policy according to relevant provisions of the *Articles of Association of The Beta Pharmaceutical Co., Ltd. (Draft)* to improve returns for the shareholder.

IX. Commitment of No False Record, Misleading Statement or Major Omission in the Materials Publicly Made and Presented by Intermediary Organs for the Company

CICC undertakes that if there are false records, misleading statements or major omissions in the document publicly made and presented by CICC for the initial public offering of the issuer, which thereby causes investors to sustain actual losses as a result of the inability of the CICC in diligent and responsible performance of statutory duties in accordance with requirements of applicable laws and regulations, regulatory documents and industry standards, CICC would be liable for the losses of the investors according to the effective judicial ruling issued by the people's court with jurisdiction in accordance with legal procedures.

Grandall Law Firm undertakes that if there are false records and misleading statements about major events contrary to facts or major omissions in information disclosure in the document publicly made and presented by Grandall during the issuance, which thereby causes the issuer's unconformity to

the issuance condition and investors' sustenance of actual losses as a result of the inability of Grandall Law Firm in diligent and responsible performance during the offering, in line with the principle of active negotiation and earnest safeguard the interests of investors, especially small and medium-sized investors, Grandall Law Firm will, if any such illegal facts are confirmed, volunteer to and urge the issuer and other default parties to compensate for the direct and measurable economic losses of investors by means of reconciliation with investors, mediation with investors through a third party and the establishment of investor compensation fund. Grandall Law Firm undertakes to abide by the above commitments, diligently and responsibly carry out the business, safeguard investors' legitimate rights and interests, and be liable for corresponding legal responsibilities.

Shu Lun Pan Certified Public Accountants LLP undertakes that if there are false records, misleading statements or major omissions in the documents made and presented by it for the initial public offering of the issuer, which causes investors to sustain actual losses, Shu Lun Pan would be liable for the losses of investors in accordance with the law.

Canwin Appraisal Co., Ltd undertakes that if there are false records, misleading statements or major omissions in the document made and presented by it for the initial public offering of the issuer, which causes investors to sustain actual losses, the Company would be liable for the losses of investors in accordance with the law after such events are legally confirmed.

X. Constraint Measures for the Failure of Implementation of Commitments

(I) Constraint Measures for the Failure of Implementation of Commitments by the Company

The Company undertakes that it will actively take legal measures to implement all the commitments about this offering, voluntarily accept the supervision of supervision organs, the public and investors, and shall bear corresponding responsibility according to the law. Corresponding adjudications and decisions made by judicial organs and/or the administrative organs due to the violation of the above commitments will be strictly enforced by the Company in accordance with the law.

(II) Constraint Measures for the Failure of Implementation of Commitments by the Actual Controller, the Controlling Shareholders and the Person Acting in Concert

1. Ding Lieming, the actual controllers of the Company, undertake that in case of the violation of the commitment about the lock-up period of shares of the Company he held, he agreed that the actual proceeds of reduced holdings of shares shall be possessed by the Company; in case of the violation of the commitment about the stable share price and the commitment about the authenticity, accuracy, integrity and timeliness of the Prospectus, the Company shall be entitled to temporarily detain his cash dividends and deduct the remuneration the Company shall pay to him until the above commitments are actually fulfilled. He will actively take legal measures to implement all the commitments about this offering, voluntarily accept the supervision of supervision organs, the public and investors, and shall bear corresponding responsibility according to the law. Corresponding adjudications and decisions made by judicial organs and/or the administrative organs due to the violation of the above commitments will be strictly enforced in accordance with the law.
2. YINXIANG WANG, the controlling shareholder and the actual controller, and the person acting in concert of the actual controller.

Section II. Overview

The overview only represents a brief introduction to the Prospectus. Investors are advised to prudently read the entire text of the Prospectus before making any investment decision.

I. Introduction to the Company

The Company was established as a limited liability company by the full change of Zhejiang Betta Pharmaceuticals Co., Ltd. on August 29, 2013 with the registered capital of RMB 150 million Yuan, the registered address at No. 589, Hongfeng Road, Yuhang Economic and Technological Development Zone, Hangzhou, and the business scope of "the research, development, technology transfer and technical consultation (those banned and restricted by China excluded) of anti-cancer, anti-cardiovas and other new drugs, and the research and development and production of ointments and tablets".

II. Principle Activities

Founded by a team of overseas doctor returnees, with innovation of the research and development of drugs by independent intellectual property rights as the core, the Company is a state-level high-tech enterprise; it integrates the research and development, production, and marketing of medicines targeting at areas of malignant tumor, diabetes, cardiovascular disease and other diseases with serious influence on people's health and life. In 2011, Icotinib Hydrochloride Tablets (trade name: "Conmana"), the national class 1.1 new drug, independently developed by the Company, acquired the new drug certificate and production approval issued by the State Food and Drug Administration and started to enter the market, bringing rapid growth for and becoming the main source of the revenue and profits of the Company (with the proportion of 95% or more). From 2011 to 2013, the income of the Company's main business respectively reached RMB 62,831,400 Yuan, RMB 312,378,600 Yuan, and RMB 480,633,500 Yuan, with compound annual growth rate of 176.58%; the net profit of the Company belonging to parent company owners respectively reached RMB 17,557,100 Yuan, RMB 104,898,800 Yuan, and RMB 182,015,200 Yuan, with the compound annual growth rate of 221.98%.

Icotinib, the national class 1.1 new drug, is also China's first small molecules targeted anticancer drug with independent intellectual property rights. Currently, Icotinib is mainly used in the treatment of locally advanced or metastatic non-small-cell lung cancer ever received chemotherapy or not suitable for chemotherapy. Icotinib has been awarded the major science and technology project of "Significant New Drugs Development" by the Ministry of Science and Technology of the People's Republic of China for three times, supported by the "Technology Innovation Fund for Middle and Small-sized Technology-based Enterprise" of the Ministry of Science and Technology and was included in "National High-tech R&D Program (863 Program)", "China Torch Program", "National Strategic Innovation Products" of the Ministry of Science and Technology. In 2012, the core technology of Icotinib obtains Chinese patent gold medal jointly issued by the national Intellectual Property Office and the World Intellectual Property Organization. In addition, Icotinib, as Chinese innovative drug, was first listed into global new drug research and development directory of the *Annual Report on Drug Research and Development of 2012* by Citeline, the internationally authoritative provider of clinical trial data of medicines. The clinical trial results were published in *The Lancet Oncology* (The Lancet - tumors), an internationally authoritative tumor

medical journal, and was evaluated thereof as "the first small molecular targeted anti-tumor drugs of Chinese original research", "initiating the perfect case of antitumor drug research and development in China", "a milestone in the field of international clinical tumor", and "only taking eight years from the initial research and development to the launching into the market, more than two years shorter than the average time of drug research and development by other developed countries while the research and development costs are likely to be far lower than that of European and American countries".

The Company is equipped with more than 100 new drug research and development personnel, among which five doctors are recruited in the "One Thousand Talents Scheme" of the Organization Department of the Central Committee of CPC. At the same time, the Company also has a lot of reserves of projects under research, including six national class one new drug, 16 national class three new drugs and generic drugs, mainly involved in the field of the treatment of anti-tumor, diabetes, cardiovascular disease and other diseases with serious impacts on people's health and life. Solid R&D strength and rich reserve of projects under research laid the groundwork for the future sustainable development and expansion of the Company. Furthermore, based on the recognition of its marketing ability, America Amgen, the world famous pharmaceutical company, began to cooperate with the Company about one of the leading antitumor drugs abroad. Currently, Beta Amgen Joint Venture Company held by the Company has been established to serve as the registration and marketing platform in China for the Introduction to Vectibix, the macromolecular targeted anti-cancer drug of the America Amgen for the treatment of the colorectal cancer, providing important guarantee for the future continued operation and profit of the Company.

III. Introduction to the Controlling Shareholders and the Actual Controllers

The controlling shareholders of the Company are Kaiming Investment, Beicheng Investment and YINXIANG WANG, among which, Kaiming Investment holds 22.2400% of the shares of the Company, Beicheng Investment 7.5000% and YINXIANG WANG 6.5071%.

The actual controllers of the Company are natural persons Ding Lieming and YINXIANG WANG, who commonly control the Company. Ding Lieming indirectly controls 29.7400% of the shares of the Company through Kaiming Investment and Beicheng Investment, while YINXIANG WANG directly holds 6.5071%. At the same time, FENLAI TAN, the person acting in concert of Ding Lieming and YINXIANG WANG directly holds 1.2000% of the shares of the Company. Therefore, Ding Lieming and YINXIANG WANG directly and indirectly hold and control 37.4471% of the shares of the Company.

For details of the controlling shareholders and actual controllers of the Company, see "IV. Basic Information of Controlling Shareholders, Actual Controllers and Main Shareholders Holding 5% or More of Shares of the Company" in "Section V. Basic Information of the Issuer" of this Prospectus.

II. Basic Information of Incorporation of the Company

The Company was formerly known as Betta Pharmaceuticals Co., Ltd. that was a limited liability company jointly set up by Ding Lieming, Hangzhou Jihe Science and Technological Investment Co., Ltd., and BETA with the registered capital of RMB 10 million Yuan. On December 31, 2002, the Management Committee of Hangzhou High and New Tech Industry Development Zone issued the Reply on Approving to Set Up Zhejiang Betta Pharmaceutical Co., Ltd. (HGX No. 612 [2002]), consenting the joint venture contract, articles of association and the board members, as well as the establishment of a joint venture with a total investment of RMB 14 million Yuan and the registered capital of RMB 10 million Yuan invested by Ding Lieming, Hangzhou Jihe Science and Technological Investment Co., Ltd., and BETA. Among them: Hangzhou Jihe Science and Technological Investment Co., Ltd. occupied 25% of the registered capital of Betta Limited by the investment in cash of RMB 2.5 million Yuan; BETA occupied 50% of the registered capital of Betta Limited by the investment in technology of RMB 5 million Yuan; Ding Lieming occupied 25% of the registered capital of Betta Limited by the investment in cash of RMB 2.5 million Yuan. On January 7, 2003, Betta Limited acquired the *Business License for Enterprise's Legal Person* with the registration number of QHZH No. 200038 issued by Hangzhou Administration Bureau for Industry and Commerce. According to the *Capital Verification Report* (ZDKY (2003) No. 048) issued by Zhejiang Everbright CPA Co., Ltd., as of March 10, 2003, Betta had received the total registered capital of rmb 5 million Yuan paid by shareholders Ding Lieming and Hangzhou Jihe Science and Technological Investment Co., Ltd., and the other RMB 5 million Yuan of patented technology transferred by BETA and confirmed by the shareholders.

The Company is a limited liability company established by the full change of Betta Limited. According to the *Audit Report* (XKSBZ [2013] No. 610297) presented by Shu Lun Pan CPA Co., Ltd on July 24, 2013, as of June 30, 2013, the audited net assets of Betta Limited is RMB 227,011,861.46 Yuan. On July 30, 2013, the board of directors of Betta Limited decided that with all the shareholders of Betta Limited as initiators, converted the audited net ledger asset of RMB 227,011,861.46 Yuan in Betta Limited into 150 million shares by the rate of 1:0. 6608, and the par value per share is RMB 1.00 Yuan, resulting in the registered capital of RMB 150 million Yuan. The part of net assets value exceeding the registered capital, i.e. RMB 77011861.46 Yuan was included in capital reserves. On August 20, 2013, Shu Lun Pan CPA Co., Ltd has carried out the inspection for the company's registered capital and issued the *Capital Verification Report* (XKSBZ [2013] No. 610311), verifying the availability of capital from the shareholders. On August 13, 2013, Hangzhou Foreign Trade and Economic Cooperation Bureau issued the *Approval from Hangzhou Foreign Trade and Economic Cooperation Bureau on Change of Administrative Licensing Decision of Zhejiang Betta Pharmaceuticals Co., Ltd.* (HWJMWFX [2013] No. 66), approving the change of Betta into a limited liability company. On August 29, 2013, approved by Hangzhou Administration Bureau for Industry and Commerce, the Company was registered as "Betta Pharmaceuticals Co., Ltd.", with the registration number of 330100400024187 and the registered capital of RMB 150 million Yuan.

The initiators and share capital structure at the full change of Betta Limited into Betta Pharmaceuticals Co., Ltd. are as follows:

| No. | Name of the Initiator | Number of Shares (share) | Shareholding Ratio |
|-----|-----------------------|--------------------------|--------------------|
| 1 | Kaiming Investment | 33,360,000 | 22.2400% |
| 2 | Beicheng Investment | 11,250,000 | 7.5000% |

| | | | |
|----|-----------------------------|-------------|-----------|
| 3 | YINXIANG WANG | 9,760,650 | 6.5071% |
| 4 | FENLAI TAN | 1,800,000 | 1.2000% |
| 5 | Jihe Development Investment | 23,940,000 | 15.9600% |
| 6 | Ningbo Teruixi | 16,050,000 | 10.7000% |
| 7 | BETA | 11,935,350 | 7.9569% |
| 8 | LAV | 9,000,000 | 6.0000% |
| 9 | Hangzhou Beichang | 8,850,000 | 5.9000% |
| 10 | SCC | 7,120,050 | 4.7467% |
| 11 | Chengdu Guangkong | 4,755,000 | 3.1700% |
| 12 | HANCHENG ZHANG | 4,678,950 | 3.1193% |
| 13 | Ningbo Meiyu | 4,500,000 | 3.0000% |
| 14 | Qihan Investment | 3,000,000 | 2.0000% |
| | Total | 150,000,000 | 100.0000% |

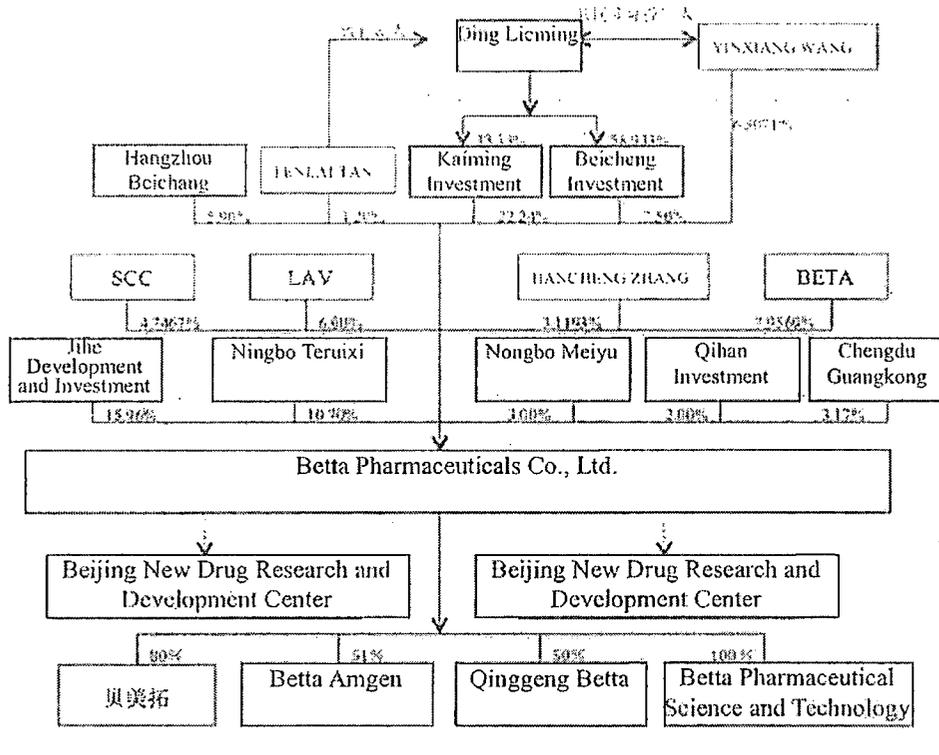
III. Major Assets Restructuring of the Company

From the establishment of the issuer to the signing of this Prospectus, there is no major assets restructuring of the Company, nor the merger and acquisition of assets (or equity) of other enterprise during the previous year.

IV. Basic Information of Controlling Shareholders, Actual Controller and Main Shareholders Holding 5% or More of Shares of the Company

(I) Equity Structure Diagram of the Company

As of the signing of this Prospectus, the Company's equity structure is as follows:



As of the signing of this Prospectus, the specific equity structure of the Company is as follows:

| No. | Name of the Initiator | The Number of Shares (share) | Shareholding Ratio |
|-----|---------------------------------|------------------------------|--------------------|
| 1 | Kaiming Investment | 33,360,000 | 22.2400% |
| 2 | Beicheng Investment | 11,250,000 | 7.5000% |
| 3 | YINXIANG WANG | 9,760,650 | 6.5071% |
| 4 | FENLAI TAN | 1,800,000 | 1.2000% |
| 5 | Jihe Development and Investment | 23,940,000 | 15.9600% |
| 6 | Ningbo Teruixi | 16,050,000 | 10.7000% |
| 7 | BETA | 11,935,350 | 7.9569% |
| 8 | LAV | 9,000,000 | 6.0000% |
| 9 | Hangzhou Beichang | 8,850,000 | 5.9000% |
| 10 | SCC | 7,120,050 | 4.7467% |
| 11 | Chengdu Guangkong | 4,755,000 | 3.1700% |
| 12 | HANCHENG ZHANG | 4,678,950 | 3.1193% |
| 13 | Ningbo Meiyu | 4,500,000 | 3.0000% |
| 14 | Qihan Investment | 3,000,000 | 2.0000% |
| | Total | 150,000,000 | 100.0000% |

EXHIBIT B

DOCKET NO.: NNH-CV13-6035116-S

| | | |
|-----------------------------------|---|-------------------|
| GUOJIAN XIE | : | SUPERIOR COURT |
| | : | |
| v. | : | J.D. OF NEW HAVEN |
| | : | |
| BETA PHARMA, INC., DON ZHANG, | : | |
| BETA PHARMA SCIENTIFIC, INC., AND | : | |
| ZHEJIANG BETA PHARMA CO., LTD. | : | JUNE 23, 2014 |

**DEFENDANTS' BETA PHARMA, INC., DON ZHANG, AND BETA PHARMA
SCIENTIFIC, INC.'S RESPONSES TO PLAINTIFF'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR PRODUCTION**

Defendants, Beta Pharma, Inc., Beta Pharma Scientific, Inc., and Don Zhang (collectively, "Defendants") respond to Plaintiff's First Set of Interrogatories and Requests for Production of Documents to All Defendants dated December 13, 2014 ("Plaintiff's First Set of Interrogatories and Requests for Production"), subject to Defendants' Objections dated February 25, 2014 (D.E. 125) and without waiving same, as follows. As certain interrogatories and requests for production seek confidential, proprietary business information and/or confidential employee data, where applicable, Defendants will produce certain information and documents following the entry of a stipulation of confidentiality and protective order.

INTERROGATORIES

1. Identify the person preparing the answers to these interrogatories, and identify all persons assisting him in their preparation.

ANSWER:

Don Zhang, in his individual capacity and on behalf of Beta Pharma, Inc. and Beta Pharma Scientific, Inc.

2. Identify all persons who are shareholders of Beta Pharma, Inc. As to each such shareholder, state the following:

- (a) name and address;
- (b) number of shares held;
- (c) date shares were acquired;
- (d) price or other consideration paid for shares.

ANSWER:

To the extent any responsive documents are in Defendants' possession, custody or control, see the documents, which will be produced. Defendants are reviewing their corporate records and will supplement this interrogatory response.

3. If any person identified in the preceding interrogatory has sold any shares at any time, state the following:

- (a) the date of sale;
- (b) the share price;
- (c) the identity of the purchaser;
- (d) the consideration received for the shares.

ANSWER:

See answer to # 2.

4. Identify all persons who are shareholders of Beta Pharma Scientific, Inc. As to each such shareholder, state the following:

- (a) name and address;

- (b) number of shares held;
- (c) date shares were acquired;
- (d) price or other consideration paid for shares.

ANSWER:

To the extent any responsive documents are in Defendants' possession, custody or control, see the documents, which will be produced. Defendants are reviewing their corporate records and will supplement this interrogatory response.

5. If any person identified in the preceding interrogatory has sold any shares at any time, state the following:

- (a) the date of sale;
- (b) the share price;
- (c) the identity of the purchaser;
- (d) the consideration received for the shares.

ANSWER:

See answer to # 4.

6. Identify all persons who are shareholders of Zhejiang Beta Pharma Co., Ltd. As to each such shareholder, state the following:

- (a) name and address;
- (b) number of shares held;
- (c) date shares were acquired;
- (d) price or other consideration paid for shares.

ANSWER:

Subject to the pending objections and without waiving same:

| Shareholder | Value (RMB ¥) | Shares | Share % |
|---|---------------|------------|----------|
| 股东名称 | 净资产份额 (元) | 认购股份 (股) | 持股比例 |
| 宁波凯铭投资管理合伙企业 (普通合伙) | 50,487,437.99 | 33,360,000 | 22.2400% |
| 浙江济和创业投资有限公司 | 36,231,093.09 | 23,940,000 | 15.9600% |
| 宁波梅山保税港区特瑞西创投资合伙企业 (有限合伙) | 24,290,269.18 | 16,050,000 | 10.7000% |
| Beta Pharma Inc. (贝达医药公司) | 18,063,106.80 | 11,935,350 | 7.9569% |
| 浙江贝成投资管理合伙企业 (有限合伙) | 17,025,889.61 | 11,250,000 | 7.5000% |
| YINXIANG WANG | 14,771,888.84 | 9,760,650 | 6.5071% |
| LAV Equity (Hong kong) Co., Limited | 13,620,711.69 | 9,000,000 | 6.0000% |
| 杭州贝昌投资管理合伙企业 (有限合伙) | 13,393,699.83 | 8,850,000 | 5.9000% |
| Sequoia Capital China GFII (HK) Limited | 10,775,572.03 | 7,120,050 | 4.7467% |
| 成都光控世纪医疗健康创业投资有限公司 | 7,196,276.01 | 4,755,000 | 3.1700% |
| HANCHENG ZHANG | 7,081,180.99 | 4,678,950 | 3.1193% |
| 宁波美域股权投资合伙企业 (有限合伙) | 6,810,355.84 | 4,500,000 | 3.0000% |
| 杭州金研睿成启汉投资 | 4,540,237.22 | 3,000,000 | 2.0000% |

| | | | |
|------------------|----------------|-------------|-----------|
| 管理 合伙企业（有限合伙） | | | |
| FENLAI TAN | 2,724,142.34 | 1,800,000 | 1.2000% |
| 合计 | 227,011,861.46 | 150,000,000 | 100.0000% |

Further, to the extent any responsive documents are in Defendants' possession, custody, and control, see the documents, which will be produced.

7. If any person identified in the preceding interrogatory has sold any shares at any time, state the following:

- (a) the date of sale;
- (b) the share price;
- (c) the identity of the purchaser;
- (d) the consideration received for the shares.

ANSWER:

Subject to the pending objections and without waiving same:

To the extent any responsive documents are in Defendants' possession, custody or control, see the documents, which will be produced; Defendants will supplement this interrogatory response.

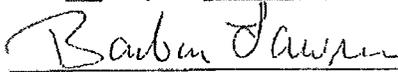
8. Identify all persons and organizations who have served as accountants or certified public accounts for Beta Pharma, Inc., Beta Pharma Scientific, Inc., or Zhejiang Beta Pharma, Inc. at any time from 2000 to the present.

VERIFICATION

Don Zhang, being duly sworn, deposes and says that he is the 23rd of June, 2014, and that he has read the foregoing answers to interrogatories and that said answers are true and correct to the best of his knowledge, information and belief.


Don Zhang

Sworn to and subscribed before me
this 23 day of June, 2014.


Notary Public/Commissioner of the
Superior Court

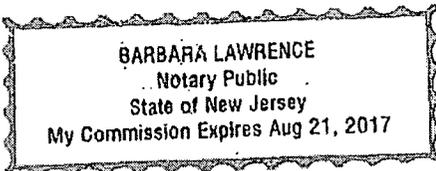


EXHIBIT C

MINISTRY OF COMMERCE PEOPLE'S REPUBLIC OF CHINA

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Law on Sino-Foreign Equity Joint Ventures

January 14, 2003 - 11:09 BJT (16:09 GMT)

(Adopted 1 July 1979 at the 2nd Session of the 5th National People's Congress. Amended 4 April 1990 at the 3rd Session of the 7th National People's Congress in accordance with the Decision to Revise the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures. Amended 15 March 2001 at the 4th Session of the 9th National People's Congress in accordance with the Decision to Revise the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures)

Article 1

In order to expand international economic co-operation and technological exchange the People's Republic of China shall permit foreign companies, enterprises and other economic entities or individuals (hereinafter referred to as foreign partners) to establish, within the territory of the People's Republic of China, equity joint ventures with Chinese companies, enterprises or other economic entities (hereinafter referred to as ~ partners), in accordance with the principles of equality and mutual benefit that are subjected to the approval by the Chinese government.

Article 2

The Chinese government, pursuant to the provisions of agreements, contracts and articles of association which it has approved, shall protect foreign partners' investment in equity joint ventures, profits due to them and their other legal rights and interests in accordance with the law.

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Companies
List of China's Qualified

All activities of an equity joint venture shall be governed by the laws and regulations of the People's Republic of China.

The State shall not subject equity joint ventures to nationalization or expropriation in special circumstances, however, in order to meet public interest requirements, the State may expropriate an equity joint venture in accordance with the legal procedures, but certain compensation must be paid.

Article 3

Equity joint venture agreements, contracts and articles of association to which the various parties to an equity joint venture are signatories shall be submitted to the state department in charge of foreign economics and trade (hereinafter referred to as an examining and approval authority) for examination and approval. An examining and approval authority shall decide whether or not to grant the approval within three months. Once approved, an equity joint venture shall register with a state administration for industry and commerce ~ operations after obtaining a business license.

Article 4

An equity joint venture shall take the form of a limited liability company.

The proportion of investment contributed by a foreign partner as its share of the registered capital of an equity joint venture shall in general be no less than 25 per cent.

Equity joint venture partners shall share profits and bear risks and losses in proportion to their contribution to the registered capital of an equity joint venture.

The transfer of one party's share of the registered capital shall be effected only with the consent of the other parties to the equity joint venture.

Article 5

Each party to an equity joint venture may contribute cash, capital goods, industrial property rights, etc., as its investment in the enterprise.

Technology and equipment contributed as investment by a foreign partner must genuinely be an advanced technology and equipment appropriate to China's needs. If losses occur due to deception resulting from the intentional supply of outdated technology or equipment,

Overseas Contractors

China-New Zealand Identified
Recruitment Agents

Supply & Demand

Inquiry & Answer

compensation shall be paid.

The investment contribution of a Chinese partner may include providing site-use rights for an equity joint venture during its period of operations. If site-use rights are not part of the Chinese partner's investment contribution the equity joint venture shall be required to pay site-use fees to the Chinese government.

The various items of investment mentioned above shall be specified in the equity joint venture contract and articles of association. The value of each item (excluding the site) shall be determined by the equity joint venture partners through joint assessment.

Article 6

An equity joint venture shall establish a board of directors composed of certain number of members determined through consultation by the equity joint venture partners and stipulated in the equity joint venture contract and articles of association. Each equity joint venture partner shall be responsible for the appointment and replacement of its own directors. The chairperson and deputy chairperson shall be selected by the equity joint venture partners through consultation or shall be elected by the board of directors. Where the chairperson is appointed from one party to an equity joint venture, the deputy chairperson shall be appointed from the other party. The board of directors, in accordance with the principles of equality and mutual benefit, shall decide all the important matters of an equity joint venture.

A board of directors is empowered to discuss and take action on, pursuant to the provisions of the articles of association of the equity joint venture, all the important issues concerning the enterprise, namely, enterprise development plans production and operational projects, its income and expenditure budget, profit distribution, labor and wage plans suspension of operations; as well as the appointment or hiring of general manager, deputy general manager, chief engineer, chief accountant and auditor, and determining their functions and powers, remuneration, etc.

The general and deputy general managers (or general and deputy factory heads) shall be appointed separately by each of the joint venture partners.

Matters such as the recruitment, dismissal, remuneration, welfare benefits, labor protection and labor insurance of employees of an equity joint venture shall be stipulated in contracts concluded in accordance with the law.

Article 7

Employees of an equity joint venture may establish a trade union organization according to the law for the promotion of trade union activities and the protection of the legal rights and interests of employees.

An equity joint venture shall provide its enterprise trade union with the necessary facilities for its activities.

Article 8

After payment of equity joint venture income tax on an enterprise's gross profit, pursuant to the tax laws of the People's Republic of China, and after deductions there from as stipulated in its articles of association regarding reserve funds, employee bonus and welfare funds and enterprise development funds, the net profit of an equity joint venture shall be distributed between the equity joint venture partners in proportion to their investment contribution to the enterprise's registered capital.

An equity joint venture may enjoy preferential treatment in the form of tax reductions or exemptions in accordance with the provisions of the relevant state tax laws and administrative regulations.

A foreign partner that reinvests its share of an equity joint venture's net profit within the Chinese territory may apply for a rebate on that portion of income tax already paid.

Article 9

An equity joint venture shall present its business license to a bank or other financial institution authorized by a state exchange control organ to engage in foreign exchange dealings and shall open a foreign exchange account.

An equity joint venture shall conduct its foreign exchange transactions in accordance with the Regulations of the People's Republic of China for Foreign Exchange Control.

An equity joint venture may, in its business operations, obtain funds directly from foreign banks.

The various items of insurance required by an equity joint venture shall be furnished by insurance companies within the Chinese territory.

Article 10

An equity joint venture, within its approved scope of operations and in accordance with the principles of fairness and reasonableness, may

purchase raw materials, fuels, and other such materials from both domestic and international markets.

An equity joint venture shall be encouraged to sell its products outside China. It may sell its export products on foreign markets through its own direct channels or its associated agencies or through China's foreign trade establishments. Its products may also be sold on the domestic Chinese market.

If deemed necessary, an equity joint venture may establish branch organizations outside China.

Article 11

Net profit received by a foreign partner after executing obligations prescribed by the relevant laws, agreements and contracts, funds received on the termination or suspension of an equity joint venture's operations and other relevant funds may be remitted abroad in accordance with the exchange control regulations and in the currency specified in the equity joint venture contract.

A foreign partner shall be encouraged to deposit in the Bank of China foreign exchange that it is entitled to remit abroad.

Article 12

Wage income and other legitimate income earned by equity joint venture employees of foreign nationality may be remitted abroad in accordance with the exchange control regulations after payment of individual income tax pursuant to tax laws of the People's Republic of China.

Article 13

The duration of an equity joint venture's term of operations may differ, depending on the line of business and other differing circumstances. The term of operations of some types of equity joint ventures shall be set, while the term of operations of other types of equity joint ventures may be set in some cases, but not set in others. In the case of an equity joint venture which has its term of operations set, the term may be extended subject to the agreement of all equity joint venture partners and the lodging of an application with the examining and approval authority six months before the expiry of the joint venture term. The examining and approval authority shall decide whether to approve or reject an application within one month of its receipt.

Article 14

In the event of an equity joint venture incurring heavy losses, one party failing to execute its obligations as prescribed in the equity joint

venture contract or article 5 of association, or force majeure, etc. the contract may be terminated subject to the negotiation and agreement reached by all parties of an equity joint venture, the approval of examining and approval authority and registration with a state administration for industry and commerce. If a loss is incurred due to a breach of contract, the party that violated the contract provisions shall bear the financial liability for the loss.

Article 15

Any dispute arising between equity joint venture partners that the board of directors is unable to settle through consultation may be resolved through conciliation or arbitration by a Chinese arbitral body or through arbitration conducted by an arbitral body agreed on by all parties of an equity joint venture.

If the parties of an equity joint venture have not stipulated an arbitration clause in their contract or do not reach a written arbitration agreement after a dispute has arisen, they may file a lawsuit in a people's court.

Article 16

This Law shall take effect from the date of promulgation

Endnotes

【Big Medium-sized Small】 【Print】

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EXHIBIT D



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AMGEN AND ZHEJIANG BETA PHARMA ANNOUNCE PLANNED JOINT VENTURE IN CHINA Goal is to bring Amgen's Vectibix® (panitumumab) to Chinese patients

THOUSAND OAKS, Calif., and Zhejiang, China (May 7, 2013) – Amgen (NASDAQ:AMGN), the world's largest biotechnology company, and Zhejiang Beta Pharma, inc. (Zhejiang Beta Pharma), a leading innovative pharmaceutical company in China, today announced that the companies have signed an agreement to form a joint venture. The joint venture is a long-term partnership which aims to commercialize Amgen's Vectibix® (panitumumab) in the China market. Together, Amgen and Zhejiang Beta Pharma aim to quickly and efficiently deliver Vectibix to Chinese patients.

The joint venture will benefit from Zhejiang Beta Pharma's strong expertise in the development and commercialization of molecularly targeted therapy as well as Zhejiang Beta Pharma's industry leading oncology sales network in China. Zhejiang Beta Pharma's China capabilities are complimentary to Amgen's global expertise in the development and manufacturing of human therapeutics.

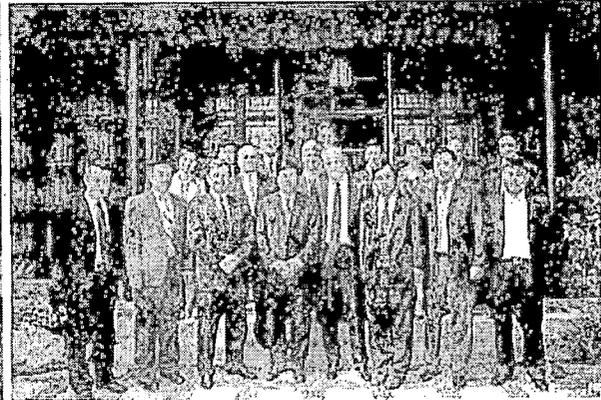
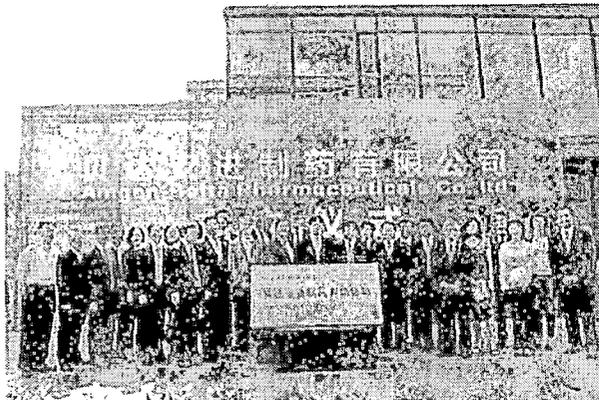
"This joint venture brings us one step closer to providing Chinese patients with Amgen's medicines," said Anthony C. Hooper, executive vice president of Global Commercial Operations at Amgen. "We are pleased to have the opportunity to join forces with Zhejiang Beta Pharma, a leader in developing and commercializing innovative medicines that shares our goal of making a new treatment option available to colorectal cancer patients in China."

"Amgen is a pioneer and a global leader in the biotech industry," said Lieming Ding, Chairman of Zhejiang Beta Pharma. "Our partnership with Amgen will be of long term strategic significance not only for Zhejiang Province, but also for the whole medical community in China." "We share with Amgen passion for developing molecularly targeted therapies for unmet medical needs, and are confident that together we can help many Chinese patients who suffer from colorectal cancer."

"This is an important step forward in Amgen's commitment to the China market," said James Li, vice president and general manager, Amgen Greater China. "We are excited about the formation of our partnership with Zhejiang Beta Pharma and look forward to bringing Vectibix to Chinese patients within the coming years. Amgen's 30-year track record of developing innovative medicines means we are well positioned to support the development of China's biotech sector. We see this as a clear step that enables Amgen to help China achieve its goals for the biotech industry."

"This is certainly a ground breaking event for the biotech industry in China," said Yinxiang Weng, the CEO of Zhejiang Beta Pharma. "We are pleased to be joining forces with Amgen in the war against cancer."

According to the agreement, the new joint venture will be named Amgen-Beta Pharmaceuticals Co., Ltd. Zhejiang Beta Pharma would own 51 percent and Amgen would own the remaining 49 percent interest in the joint venture. The joint venture is subject to the satisfaction of certain closing conditions, including the approval of relevant government authorities in China.



About Amgen

Amgen discovers, develops, manufactures and delivers innovative human therapeutics. A biotechnology pioneer since 1980, Amgen was one of the first companies to realize the new science's promise by bringing safe, effective medicines from lab to manufacturing plant to patient. Amgen therapeutics have changed the practice of medicine, helping millions of people around the world in the fight against cancer, kidney disease, rheumatoid arthritis, bone disease and other serious illnesses. With a deep and broad pipeline of potential new medicines, Amgen remains committed to advancing science to dramatically improve people's lives. For more information, visit www.amgen.com and follow us on www.twitter.com/amgen.

About Vectibix

Vectibix is a prescription medicine used for the treatment of metastatic colorectal cancer (mCRC). It is grouped within a class of medications called biologics, which are therapies derived from human cells. Vectibix is approved in more than 40 countries.

Vectibix[®] is the first fully human anti-epidermal growth factor receptor (EGFR) antibody approved by the U.S. Food and Drug Administration (FDA) for the treatment of metastatic colorectal cancer (mCRC). Vectibix[®] was approved in the U.S. in September 2006 as a single agent for the treatment of metastatic colorectal carcinoma with disease progression on or following fluoropyrimidine, oxaliplatin and irinotecan chemotherapy regimens. Approval is based on progression-free survival; no data demonstrate an improvement in disease-related symptoms or increased survival with Vectibix.

Retrospective subset analyses of metastatic colorectal cancer trials have not shown a treatment benefit for Vectibix in patients whose tumors had KRAS mutations in codon 12 or 13. Use of Vectibix is not recommended for the treatment of colorectal cancer (CRC) with these mutations.

Important U.S. Product Safety Information

Vectibix[®] is indicated as a single agent for the treatment of EGFR-expressing, mCRC with disease progression on or following fluoropyrimidine-, oxaliplatin- and irinotecan-containing chemotherapy regimens. The effectiveness of Vectibix as a single agent for the treatment of EGFR-expressing mCRC is based on progression-free survival. Currently, no data demonstrate an improvement in disease-related symptoms or increased survival with Vectibix.

Vectibix is not indicated for the treatment of patients with KRAS mutation-positive mCRC or for whom KRAS mCRC status is unknown. Retrospective subset analyses of metastatic colorectal cancer trials have not shown a treatment benefit for Vectibix[®] in patients whose tumors had KRAS mutations in codon 12 or 13.

WARNING: DERMATOLOGIC TOXICITY and INFUSION REACTIONS

Dermatologic Toxicity: Dermatologic toxicities occurred in 89 percent of patients and were severe (NCI-CTC grade 3 or higher) in 12 percent of patients receiving Vectibix[®] monotherapy. [See Dosage and Administration (2.1), Warnings and Precautions (5.1), and Adverse Reactions (6.1)]

Infusion Reactions: Severe infusion reactions occurred in approximately one percent of patients. Fatal infusion reactions occurred in postmarketing experience. [See Dosage and Administration (2.1), Warnings and Precautions (5.2), and Adverse Reactions (6.1, 6.3)]

The most common adverse reactions (≥ 20%) of Vectibix[®] are skin rash with variable presentations, hypomagnesemia, paronychia, fatigue, abdominal pain, nausea, diarrhea, including diarrhea resulting in dehydration.

The most serious adverse reactions of Vectibix[®] are pulmonary fibrosis, pulmonary embolism, severe dermatologic toxicity complicated by infectious sequelae and septic death, infusion reactions, abdominal pain, hypomagnesemia, nausea, vomiting, and constipation.

To see the US Vectibix[®] Prescribing Information, visit: www.Vectibix.com

Amgen Forward-Looking Statements

This news release contains forward-looking statements that involve significant risks and uncertainties, including those discussed below and others that can be found in our Form 10-K for the year ended Dec. 31, 2012, and in any subsequent periodic reports on Form 10-Q and Form 8-K. Amgen is providing this information as of the date of this news release and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. The Company's results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments (domestic or foreign) involving current and future products, sales growth of recently launched products, competition from other products (domestic or foreign), difficulties or delays in manufacturing our products.

In addition, sales of our products are affected by reimbursement policies imposed by third-party payors, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment as well as U.S. legislation affecting pharmaceutical pricing and reimbursement. Government and others' regulations and reimbursement policies may affect the development, usage and pricing of our products. Furthermore, our research, testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. We or others could identify safety, side effects or manufacturing problems with our products after they are on the market. Our business may be impacted by government investigations, litigation and products liability claims. If we fail to meet the compliance obligations in the corporate integrity agreement between us and the U.S. government, we could become subject to significant sanctions. Further, while we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors. We depend on third parties for a significant portion of our manufacturing capacity for the supply of certain of our current and future products and limits on supply may constrain sales of certain of our current products and product candidate development.

addition, we compete with other companies with respect to some of our marketed products as well as for the discovery and development of new products. Discovery or identification of new product candidates cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate will be successful and become a commercial product. Further, some raw materials, medical devices and component parts for our products are supplied by sole third-party suppliers. Our business performance could affect or limit our ability to repurchase our common stock or the ability of the Amgen Inc. Board of Directors to declare a dividend.

The Company Web Site: www.amgen.com / www.miller.com/amgen

Xcovery Raised \$20M through Equity Investment from China's Betta Pharmaceuticals for Development of ALK Inhibitor

West Palm Beach, Fla., October 27, 2014—Xcovery, a developer of next-generation targeted therapeutics for cancer, today announced a \$20 million equity investment from Betta Pharmaceuticals Co., a leading Chinese pharmaceutical company focused on discovering, developing and delivering innovative medicines. In addition to the equity investment in Xcovery, Betta gains Chinese rights to X-396, a potent small molecule anaplastic lymphoma kinase (ALK) inhibitor currently in a Phase 1/2 expansion cohort.

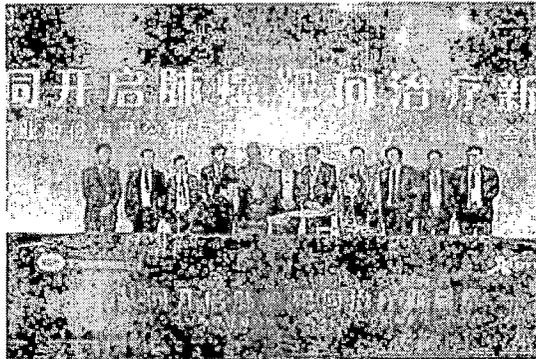
Xcovery also announced that it will be presenting Phase 1 data on X-396 at the 2014 Multidisciplinary Symposium in Thoracic Oncology on Oct. 30 in Chicago. Preliminary Phase 1 data that showed X-396 is generally well-tolerated and has anti-tumor activity in patients with ALK-positive non-small cell lung cancer (NSCLC) was presented in June at the American Society for Clinical Oncology (ASCO) annual meeting.

"This significant investment from Betta Pharmaceuticals, a company that has demonstrated success in research and development as well as commercializing drugs in China, will benefit the Chinese patients as well as advance the development of X-396," said Dr. Chris Liang, Executive Vice President and Chief Scientific Officer at Xcovery.

The investment with Xcovery will be the first U.S. investment for Betta, whose portfolio of products and pipeline of investigational drugs include treatments for cancer, cardiovascular disease and metabolic disease. Recently, Betta announced a commercial partnership with Amgen to market Vactibix[®] in China through a joint venture, Amgen-Betta Pharmaceuticals Co., Ltd.

"Xcovery has developed a molecule that potentially has significant anti-tumor activity as well as a favorable tolerability profile when compared to other ALK inhibitors," said Lany Zhu, PhD, MBA, vice president of business development at Betta Pharmaceuticals. "We look forward to working with Xcovery to bring X-396 through the next phase of development and to patients in the U.S., China and the rest of the world."

Xcovery is now enrolling patients in the expansion cohort portion of a Phase 1/2 study of X-396 for the treatment of non-small cell lung cancer where ALK is deregulated, with plans to kick off a Phase 3 registration study in early 2015.



About Xcovery

Xcovery is a clinical-stage company focused on the development of next-generation targeted therapeutics for cancer. Founded by Sheridan G. Snyder and Chris Liang, Ph.D., Xcovery's vision is to successfully develop innovative oncology therapies to optimize patient outcomes. Through innovative drug design, Xcovery has developed a comprehensive pipeline of oncology therapies that target a wide range of advanced tumors. For more information, please visit www.xcovery.com.

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