

**AUSTAR LIFESCIENCES LTD:  
THIS IS THE FIRST COMPANY TO ADMIT  
TO BEING A SANCTION-BUSTER**

It is a first for **TARGET** (): A company, seeking a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has admitted, openly, that it has been engaged, and continues to be engaged, in doing business with Sanctioned Countries and Sanctioned Persons.

The company, to which this medium is referring, is Austar Lifesciences Ltd () (Code: 6118, Main Board, The Stock Exchange of Hongkong Ltd).

In the Global Offering Prospectus of Austar Lifesciences, published and disseminated on October 28, 2014, it is stated at Pages 49 and 50:

*'The U.S. and other jurisdictions, including the E.U., Australia and the U.N., have comprehensive or broad economic sanctions targeting the Sanctioned Countries, Russia (where certain Sanctioned Persons are located) and Sanctioned Persons. During the Track Record Period, we had product sales in certain of the Sanctioned Countries, namely, Iran and Lebanon, and Russia (where certain Sanctioned Persons are located) and our revenue derived therefrom in aggregate accounted for approximately 0.6%, 1.2%, 0.7% and 1.9%, respectively, of our revenue for the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014, and we still carry out such business activities in connection with such Sanctioned Countries and Russia (where certain Sanctioned Persons are located)...*

*'We undertake to the Stock Exchange that we will not use the proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Sanctioned Countries, Russia (where certain Sanctioned Persons are located) or Sanctioned Persons or any other government, individual or entity sanctioned by the U.S., the E.U., Australia, the U.N. or Hong Kong, including, without limitation, any government, individual or entity that is the subject of any OFAC sanctions. We also undertake to the Stock Exchange that we will not enter into sanctionable transactions that would expose us or the Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders or potential investors to risks of being sanctioned. If we breach any of these undertakings to the Stock Exchange after the Listing, it is possible that the Stock Exchange may delist our Shares. In order to ensure our compliance with these undertakings to the Stock Exchange, we will continuously monitor and evaluate our business and take measures to protect the interests of our Group and our Shareholders... '.*

The definition of 'Sanctioned Countries' and 'Sanctioned Persons' is given in the Global Offering Prospectus at Page 26:

Sanction Countries – 'countries which are the targets of economic sanctions as administered by the OFAC (the United States Department of Treasury's Office of Foreign Assets Control),

*under the laws of other countries and under international law, such as Lebanon and Iran.'*

Sanction Persons – *'certain persons and entities listed on OFAC's Specially Designated Nationals and Blocked Person List.'*

The amount of money, involved in engaging in business dealings with Sanctioned Countries/Persons for the Financial Year, ended December 31, 2013, and for the six months, ended June 30, 2014, is equivalent to about 49.36 million renminbi (about \$HK62.39 million) and about 6.10 million renminbi (about \$HK7.70 million), respectively.

Obviously, one would have to be completely bonkers to believe that Austar Lifesciences had not been engaged in doing business with Sanctioned Countries/Persons, prior to the 2011 Financial Year.

### **The Business of Austar Lifesciences**

The business of Austar Lifesciences is given in an '**OVERVIEW**' at Page 113 of the Global Offering Prospectus:

*'We are a leading provider of integrated engineering solutions with high-end and comprehensive services and products to reputable pharmaceutical manufacturers and research institutes in the PRC and also a provider of those services and products to customers in emerging countries. Our customers include pharmaceutical companies such as Lijun Group Companies, Hisun Pharmaceutical, Chengdu Institute of Biological Products, Hualan Biological, Shanghai Institute of Biological Products, GlaxoSmithKline Biologicals and Beijing Fresenius Kabi. We offer high-end integrated engineering solutions for our customers to set up production facilities and also build up a clean environment which are both critical for pharmaceutical production. Our solutions cover Liquid and Bioprocess System, Clean Room and Automation Control and Monitoring System, Powder and Solid System and GMP Compliance Service<sup>1</sup> to assist our customers in key phases of pharmaceutical product lifecycle from research, development, pilot plant, commercial production to product launch. We, together with our joint ventures, also engage in the manufacture, sale and distribution of various types of high-end pharmaceutical equipment and life science consumables.*

*'Our value-added integrated engineering solutions are tailor-made for our customers to build part of their production facilities. We assist our customers on system construction, utilising hardware and software engineering and techniques, including advice on system design, choice of equipment, production process flow, application of production techniques and validation documentation. Our solutions comprise our provision of equipment, parts and advice on application techniques which are aimed at enhancing efficiency and effectiveness of production processes of our customers.'*

<sup>1</sup> GMP Compliance Service = The set of good manufacture practices, including guidelines and regulations in general, required in order to conform to guidelines laid down by agencies that control authorisation and licensing for manufacture and sale of food, drug products, and active pharmaceutical products, and different countries may have adopted and legislated for their own GMP.

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