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Harbin Pharma to buy stake in GNC

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The Chinese firm will have exclusive rights to use the U.S. firm's trademarks and manufacture and distribute its products in mainland China.

China’s state-controlled drugmaker Harbin Pharmaceutical Group Holding Co plans to buy an about 40 percent stake in U.S. nutritional supplements retailer GNC Holdings Inc for $300 million and are in talks for a joint venture in China.

The Chinese firm, which will become the largest shareholder in GNC, will have exclusive rights to use the U.S. firm’s trademarks and manufacture and distribute its products in mainland China, and GNC will receive royalties on all products sold by the joint venture.

Harbin Pharma produces more than 20 dosage forms and over 1,000 drugs, including antibiotics, over-the-counter products, modern Chinese medicines, and animal vaccines.

The deal comes at a time when GNC faces growing competition from online rivals and amid a wider move among customers toward organic foods rather than supplements.