

Tranzyme and Neokimia Announce US \$6 Million in New Financing in Conjunction with their Merger

Financing will Support Drug Development Programs of the Combined Company

RESEARCH TRIANGLE PARK, N.C. and **SHERBROOKE, Québec** (December 18, 2003) - North Carolina-based Tranzyme, Inc. and Québec-based Neokimia, Inc. announced today that they received US \$6 million in new capital in the form of convertible notes. The new financing was raised in conjunction with the merger of the two companies, which was announced earlier today (see separate press release dated December 18, 2003).

With the participation of current and new investors, the company's international financing syndicate includes investors from the United States, Canada, and Japan. Investors participating in the financing are Pacific Rim Ventures of Tokyo, Japan; BDC Venture Capital (Business Development Bank of Canada) and Desjardins Venture Capital of Montreal, Canada; Medtech Partners Inc. of Ottawa, Canada (MDS Capital of Toronto provides management services to Canadian Medical Discoveries Fund, which has a substantial interest in Medtech Partners); Research Triangle Ventures of North Carolina; and S.C.O.U.T. Healthcare Fund and Redmont Venture Partners of Birmingham, Alabama. Vengate Capital Partners Company of Toronto, Canada advised the companies on the merger and concurrent financing.

The company will use the proceeds for optimization and preclinical development of its lead product candidates in gastrointestinal disorders and metabolic diseases. Although the financing will be sufficient to take the combined company into 2006, the new company intends to seek additional funding in 2004 in order to accelerate the development of therapeutic candidates into Phase II clinical trials.

"This merger validates the vision of Pacific Rim Ventures as one of the earliest investors in Tranzyme. Our new investment reflects our continuing belief in the management and direction of this company," said David J. Drutz, M.D., Chairman of Tranzyme, and General Partner of Pacific Rim Ventures. "We are excited to see the evolution of these highly synergistic biology and chemistry platform companies into the drug development space, which is the value proposition that is driving life science investment today."

"The Bank's investment will encourage this new company to push further ahead with the research and development of its lead product candidates," said Jean-François Pariseau, Director, BDC Venture Capital. "Moreover, the merger will enable them to grow faster while maintaining a leadership position in the biotech industry," he added.

"We truly see a great team with talents in drug discovery and clinical development," added Jose M. Larrea, Vice President, Life Sciences, Desjardins Venture Capital. "We anticipate that a combination like this one has the technology and resources to move products to the market much quicker."

"We are delighted with the strong endorsement we have received from our investors, said Vipin K. Garg, Ph.D., President & CEO of the new company. "Over the past twelve months, we have been working diligently to assemble the elements for a successful drug discovery and development company, which includes our recent strategic partnerships with major pharmaceutical companies. Over the next six months our goal is to raise an additional US \$6 to 8 million from new investors and position the company for successful drug development."