

## **Shionogi & Co., Ltd. to Acquire China-based C&O Pharmaceutical Technology (Holdings) Limited**

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**Osaka, Japan, August 1, 2011** - Shionogi & Co., Ltd. (Head Office: Osaka; President & CEO: Isao Teshirogi, Ph.D.; hereafter “Shionogi”), Leo Star Development Limited (Incorporation: British Virgin Islands; hereafter “Leo Star”), the largest shareholder of the China-based Singapore listed company, C&O Pharmaceutical Technology (Holdings) Limited (Incorporation: The Bermuda Islands; Executive Director (Vice Chairman and General Manager): Gao Bin; hereafter “C&O”) and Gao Bin, have entered into an agreement (the “Agreement”) that Shionogi shall acquire 160,312,000 C&O shares (about 24.17% of the total shares issued in C&O) out of 193,480,000 C&O shares (about 29.17% of the total shares issued in C&O) held by Leo Star and Gao Bin (the “Transaction”). Completion of the Transaction is subject to fulfillment or waiver by Shionogi of certain conditions precedent. After the Transaction, Shionogi will conduct a general offer in accordance with the Agreement and the Singapore Code on Take-overs and Mergers, with an intention to make C&O into Shionogi’s subsidiary. The total consideration for the Transaction and the general offer to be made thereafter is expected to be approximately S\$219 million (about ¥14.3 billion) at the offer price of S\$0.50 for each C&O Share.

After the Transaction, Gao Bin will remain as Executive Director (Vice Chairman and General Manager) of C&O, and he will continue to hold his remaining about 5% of the total shares issued in C&O indirectly, through Leo Star, during this designated period of his service in C&O. In addition, Shionogi intends to jointly operate C&O with Sumitomo Corporation, which holds about 29% of the total issued shares in C&O.

### 1. Objectives of the Transaction

The Shionogi policy to actively drive the development and the establishment of sales platform in Asia is one of the pillars of Shionogi’s “Third Medium-term Management Plan” which ends in FY2014. Shionogi has positioned China among others, as the most important market to enter, given the facts such as China has the world No.1 population size and has significant potential for demand for pharmaceutical products, in light of the rising income of its population and strong economic growth, on-going aging of society, and increasing access to medical insurance.

C&O is a company engaged in R&D, manufacturing, import and distributing pharmaceuticals products in China, and in addition, utilizes its sales network to distribute strong brands including Amoxicillin Capsules to 300,000 customers (clinics, hospitals and pharmacies) nationwide. C&O is

active in selling new pharmaceutical products introduced from the advanced countries through its detailed marketing-based sales activities. Accordingly, C&O is capable of and experienced in developing pharmaceutical products and dealing with the relevant authorities. As C&O's capabilities and management policy match Shionogi's direction for business development in China, we have decided that the acquisition of C&O is the best choice for our entry into the China market.

By welcoming C&O into the Shionogi group, Shionogi will be able to develop business platform in China, where Shionogi is currently lacking. Shionogi will now have presence in China, in addition to its presence in Japan and the United States. The leverage on China's market growth will help Shionogi achieve its goal set in the "Third Medium-term Management Plan" and allow it to have another core capability for its sustainable mid-long term growth.

## 2. Outline of General Offer

Offeror	Shionogi & Co., Ltd.
Offeree	C&O Pharmaceutical Technology (Holdings) Limited
Offer Price	S\$0.50 per share
Number of Shares to be Purchased*	277,506,000 shares (about 41.83% of the total shares issued in C&O)
Total Capital Required	About S\$139 million (about ¥9.1 billion)
General Offer Period	The general offer will commence upon the satisfaction of conditions to the completion of the share acquisition by Shionogi from Leo Star and Gao Bin.
Conditions for General Offer	Not applicable

\* The shares held by Leo Star, Mr Gao Bin (including the shares that Shionogi will acquire) and Sumitomo Corporation (together, about 58.17% of the total shares issued in C&O) will not be tendered and will be maintained throughout the General Offer Period, and the shares held by these parties are excluded from "Number of Shares to be Purchased" as set out above.

## 3. Overview of C&O

Company Name	C&O Pharmaceutical Technology (Holdings) Limited
Business Description	Manages a group of companies engaged in R&D, manufacturing, import and sale of pharmaceutical products in China
Date Established	July 28, 2003 Listed on the stock exchange of Singapore on October 17, 2005

Head Office	Hong Kong
Paid-in Capital	About HK\$166 million
Total Share Issued	663,360,000 shares
Major Shareholders	Leo Star: 193,031,000 shares (29.10%) Gao Bin: 449,000 shares (0.07%) Sumitomo Corp.: 192,374,000 shares (29.00%)
Fiscal Year End	June
Earnings (Fiscal Year 2010)	Sales: HK\$651 million Operating Profit: HK\$202 million

#### 4. Impact on Earnings

Shionogi will disclose the impact on earnings as soon as its details are fixed.

#### 5. Responsibility Statement

For the purposes of, and in compliance with, the Singapore Code on Takeover and Mergers:

The directors of Shionogi (including any who may have delegated detailed supervision of this document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this document are fair and accurate and that no material facts have been omitted from this document and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to C&O), the sole responsibility of the directors of Shionogi has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this document.

*The general offer described in this announcement has not yet commenced and will be made if and when the conditions to the completion of the Transaction are fulfilled or waived by Shionogi, as the case may be. This announcement is for informational purposes only and does not constitute an offer to purchase or a solicitation of an offer to sell C&O's common stock. The general offer, if made, will be made pursuant to an Offer Document that will be dispatched by Shionogi to C&O shareholders. Those materials (when available) will contain important information, including the terms and conditions of the general offer, that should be read carefully before any decision is made with respect to the general offer. This release should be read in conjunction with the full text of the announcement on the possible general offer, a copy of which is available on [www.sgx.com](http://www.sgx.com).*

#### **Forward-Looking Statements**

*This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general*

*domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.*

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