



For immediate release

November 26, 2008

Company Name: Dainippon Sumitomo Pharma Co., Ltd.

President: Masayo Tada

Stock Exchange: Listings: Tokyo, Osaka, Nagoya

Security Code Number: 4506

Company Name: Kyowa Hakko Kirin Co., Ltd.

President: Yuzuru Matsuda

Stock Exchange: Listings: Tokyo

Security Code Number: 4151

DSP takes over Kyowa Hakko Kirin's manufacturing subsidiary in China.

On November 26, 2008, Dainippon Sumitomo Pharma Co., Ltd. (DSP) and Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) executed an assignment agreement under which DSP acquires Kyowa Hakko Kirin's entire equity in Kyowa Hakko Pharmaceuticals (Suzhou) Co., Ltd., Kyowa Hakko Kirin's manufacturing subsidiary in China.

1. Background

DSP has been promoting a business expansion in China by placing an emphasis on that country as one of the most important markets in the world, distributing through its Chinese subsidiary MEPEM (named MEROPEN in Japan), a carbapenem antibiotic, ALMARL, a therapeutic agent for hypertension, angina pectoris, and arrhythmia, SEDIEL, a serotonin antianxiety drug, and GASMOTIN, a gastroprokinetic agent. In late 2007, this Chinese subsidiary started operation of its packaging factory in Suzhou, but thereafter it turned out that a certain shortage in capacity would come about in the not-so-distant future as a result of the subsidiary's renewed sales forecast of both existing products and future new products in ever-growing Chinese market, so a study was undertaken on a possible expansion of the factory's capacity to meet such expected remarkable sales growth. Meanwhile, Kyowa Hakko Kirin was examining a possible sellout of its Chinese manufacturing company in Suzhou to reorganize its business in China.

Under such circumstances, inclinations of the two companies coincided and an agreement was reached to implement this deal.

## 2. Method for assignment

Kyowa Hakko Kirin assigns to DSP the whole equity (100%) that it holds in Kyowa Hakko Pharmaceuticals (Suzhou) Co., Ltd.

## 3. Outline of Kyowa Hakko Kirin's Chinese subsidiary to be assigned

- (1) Company name: Kyowa Hakko Pharmaceuticals (Suzhou) Co., Ltd.
- (2) Representative Director: Michinobu Inoue
- (3) Address: No. 115 Qingqiu Street, Suzhou Industrial Park, Jiangsu Province  
Republic of China, 215126
- (4) Established: September 9, 2004
- (5) Line of business: R&D, manufacturing, sales of its own products, and consulting  
service relating to its products
- (6) Accounting date: December 31
- (7) Number of employees: None
- (8) Capital: 20,100,000 dollars
- (9) Net assets: 109,073,000 yuan (about 1,530 million yen as of end August 2008)
- (10) Total assets: 137,423,000 yuan (about 1,920 million yen as of end August 2008)
- (11) Outline of the factory
  - Construction completed: April 2006
  - Site area: about 30,000 m<sup>2</sup> (gross floor space of the building: about 5,700 m<sup>2</sup>)
  - Facility: tablet packaging facility (50 million tablets / year), drug preparation  
facility (100 million tablets / year), office zone, quality control zone,  
machinery zone, warehouse zone, packaging zone, and preparation zone
- (12) Results of sales: None (because its commercial operation has not started yet.)

## 4. Date of assignment

November 26, 2008, the date of execution of the assignment agreement

Arrangements under this assignment will be put into practice as soon as the approval is given by the Chinese authorities.

## 5. Impact to performance

Impact of this deal to respective business performances of Kyowa Hakko Kirin and DSP is minimal.