

No.15-88

December 28, 2015  
Eisai Co., Ltd.

## **EISAI COMPLETES ACQUISITION OF CHINESE GENERIC PHARMACEUTICAL COMPANY LIAONING TIANYI BIOLOGICAL PHARMACEUTICAL CO., LTD.**

Eisai Co., Ltd. (Headquarters: Tokyo, CEO: Haruo Naito, "Eisai") announced today that regarding the acquisition of Chinese generic pharmaceutical company Liaoning TianYi Biological Pharmaceutical Co., Ltd. (Location: Benxi, Liaoning Province, China) previously announced on November 27, 2015, the conditions of transfer have been arranged, including receiving a new business license from the regulatory authority in China, and the acquisition has been completed.

The trading name of Liaoning TianYi Biological Pharmaceutical Co., Ltd. was changed to "Eisai (Liaoning) Pharmaceutical Co., Ltd." (Eisai Liaoning), and the company has become a wholly-owned subsidiary of Eisai China Holdings Ltd.

Through this acquisition, Eisai has entered the generic pharmaceutical business in China in addition to expanding its existing business focused on new medicines. By further strengthening its business foundation established over 25 years of doing business in China and providing a stable supply of high quality generic pharmaceuticals, Eisai is able to fulfill an even wider range of medical needs in China. Eisai will continue to further contribute to increasing the benefits for a greater number of patients and their families throughout China.

In addition, the signing of this agreement will have a minor impact on the consolidated result forecasts for the period ended March 31, 2016.

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**[Notes to editors]**

**1. About Eisai (Liaoning) Pharmaceutical Co., Ltd.**

Company Name	Eisai (Liaoning) Pharmaceutical Co., Ltd.
Location	Benxi, Liaoning Province, China
Date Established	December 2011 (trading name changed in December 2015)
Chairman of the Board	Norio Kaneko
President	Wenqin Yue
Employees	Approximately 250 (as of June 2015)
Capital	RMB 50 million
Sales, Profit	Sales: RMB 34 million, Net profit: RMB 3 million (Six-month period from January to June 2015)
Scope of Business	Manufacturing and marketing of pharmaceutical products and active pharmaceutical ingredients (APIs)
Annual Production Capacity	Approximately 1 billion tablets, 400 million capsules, 50 million packs of granules, 50 million packs of powder, 40 million bottles of liquid medicines, 30 million parenteral formulations, 30 million freeze dried injectable doses and 300t of APIs

**2. About the China Pharmaceutical Market**

The China pharmaceutical market is the second largest in the world after the United States, and in 2014 was worth 109.3 billion U.S. dollars (approximately 13.1 trillion Japanese yen), an increase of 12% from the previous year.<sup>1</sup> Despite China experiencing a slowdown in economic growth, the China pharmaceutical market is expected to maintain strong growth into the future due to substantial expansion via the rapid aging of the population and the government's policies to improve access to medicines. In particular, even higher growth is expected for generic pharmaceuticals that will make up the majority of prescriptions in small and medium sized cities in inland and regional areas as well as small and medium sized hospitals which have had inadequate access to medicines until now. Furthermore, in terms of value, generic pharmaceuticals account for approximately 80% of the China pharmaceutical market. With the government aiming to improve the quality of generic pharmaceuticals in China, there is strong demand for the stable supply of generic pharmaceuticals with a high level of quality on par with branded pharmaceuticals. Accompanying the progress of future reforms to the healthcare system, it is predicted that the needs for high quality medical treatment will expand not only in major cities but also in small and medium sized cities in regional and inland areas.

**3. About Eisai's China Pharmaceutical Business**

Eisai's business in China has a history spanning almost 25 years. Eisai entered the China market in 1991 through a joint venture company, and in 1996 established Eisai China Inc., a wholly owned subsidiary which has manufacturing and marketing functions. Furthermore, Eisai established Eisai (Suzhou) Trading Co., Ltd. in 2010 to directly import and trade licensed products, and its business is firmly entrenched in the region. In December 2014, Eisai newly established Eisai China Holdings Ltd. as a holding company in China to manage these two companies. Furthermore, the acquired company Eisai (Liaoning) Pharmaceutical Co., Ltd. has also become a wholly-owned subsidiary of Eisai China Holdings Ltd.

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