



June 24, 2015

DENKI KAGAKU KOGYO KABUSHIKI KAISHA

Denka Seiken Co., Ltd.

Denka Seiken Signs an Agency Contract with Sinopharm Group for Marketing the QuickNavi™-Flu Influenza Antigen Detection Test Kit

DENKI KAGAKU KOGYO KABUSHIKI KAISHA (hereinafter “Denka”) hereby announces that Denka Seiken Co., Ltd. (hereinafter “Denka Seiken”), a core Group subsidiary that produces and sells influenza virus, norovirus and RS virus rapid diagnostic test kits in Japan and overseas under the “QuickNavi™ series” brand, signed an agency contract with Sinopharm Group Beijing Huahong Co., Ltd. (hereinafter “Sinopharm Group Beijing Huahong”), a subsidiary of Sinopharm Group Co., Ltd., the largest pharmaceutical and healthcare product distributor in China. Upon this signing, Denka Seiken will be positioned to utilize Sinopharm Group Beijing Huahong’s robust sales network to market “QuickNavi™-Flu” influenza antigen detection test kit in that country.

Denka Seiken has striven to promote its QuickNavi™-Flu influenza antigen detection test kit in China, obtaining the approval of the China Food and Drug Administration for the sale of this product in 2013. However, it faces such barriers as a lower awareness among local people about the early detection and treatment of influenza, long wait times for outpatient care and numeration systems used for reimbursement from the national health system that vary by region.

Sinopharm Group Beijing Huahong boasts robust marketing channels serving China’s leading general “Class III-A” hospitals, which offer the highest level of medical care and are directly managed by Chinese national or municipal governments. Also, Sinopharm Group Beijing Huahong maintains a network of Medical Representatives (MRs) and Marketing Specialists (MSs) all over China. Under the agency contract, Sinopharm Group Beijing Huahong will engage in QuickNavi™-Flu promotion activities targeting a range of healthcare-related personnel, such as physicians, laboratory technicians and hospital officials in charge of procurement. In addition, Denka Seiken and Sinopharm Group Beijing Huahong will collaboratively carry out campaigns aimed at raising awareness among Chinese people about the clinical importance of receiving a quick medical diagnosis in cases of influenza. The latter will play a key part in Denka Seiken’s efforts to contribute to the prevention of influenza pandemics in China as well as the effective distribution of antiviral drugs.

For the first two years following the signing of the contract, Sinopharm Group Beijing Huahong has set its sales target at 500,000 units (for 5 million examinees), while Denka Seiken established an overall sales goal of ¥3 billion for its Chinese operations, including the marketing of QuickNavi™-Flu and other products.

Acting as intermediary in bringing this partnership about was MEDIPAL HOLDINGS CORPORATION, a Japanese pharmaceutical and medical device wholesaler that serves wide-ranging markets and has 20% equity in Sinopharm Group Beijing Huahong.

Note: Denka Seiken boasts a considerable share of Japan's market for rapid diagnostic test kits for infectious diseases, and is particularly known for its influenza diagnostic kit QuickNavi™-Flu. In light of the rising global threat of infectious disease pandemics, Denka Seiken is committed to proactively developing business operations in Asia, Africa, and other regions. Its R&D efforts are now under way to create diagnostic reagents for Ebola virus, dengue fever, HIV and other infectious diseases.

Denka is implementing the Denka 100 management plan, which sets forth "focus management resources on new growth drivers and develop next-generation products" as a growth strategy. Rapid diagnostic test kits manufactured and marketed by Denka Seiken constitute a key product group that is driving and accelerating the Denka Group's growth in the promising healthcare field. Looking ahead, the Denka Group will promote the selection and concentration of its management resources while addressing market needs to help resolve issues confronting society.

Reference:

Overview of Sinopharm Group Beijing Huahong

(As of February 28, 2015)

1. Company name	Sinopharm Group Beijing Huahong Co., Ltd.
2. Main business	Domestic marketing, import and export of pharmaceuticals and medical equipment and medical-related support operations for hospitals
3. Establishment	April 9, 1998
4. Headquarters	Beijing, China
5. Representatives	Chairman: Liu Yong; General Manager: Hua Wei Qiang
6. Capital	350,000,000 Chinese yuan (Approx. ¥7 billion*)
7. Employees	Approx. 400
8. Composition of equity	Sinopharm Group Co., Ltd.: 51% MEDIPAL HOLDINGS CORPORATION: 20% Mitsubishi Corporation: 20% Beijing ChangXinYiDa Investment Consulting Co., Ltd.: 9%
9. Net sales	Fiscal 2014: 3,521,507,000 Chinese yuan (approx. ¥70.4 billion*)

* 1 Chinese yuan = ¥20

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