

Notice Regarding the Execution of the Agreements on the Establishment of the Joint Ventures with Ping An and the Disposal of Treasury Shares by Way of Third-Party Allotment

OSAKA, Japan, July 27, 2020 – Shionogi & Co., Ltd. (Head Office: Osaka, Japan; President and CEO: Isao Teshirogi, Ph.D., hereafter “Shionogi” or “the Company”) today announced that on July 24, 2020, the Company and Shionogi (Hong Kong) Limited (Headquarters: Hong Kong; hereinafter, “Shionogi (Hong Kong)”), established on July 17, 2020 as a wholly-owned subsidiary of Shionogi, have entered into an agreement with Ping An Life Insurance Company of China, Ltd. (Headquarters: Guangdong Province, China; hereinafter, “Ping An Life”), which is a subsidiary of Ping An Insurance (Group) Company of China Ltd. (Headquarters: Guangdong Province, China; hereinafter, “Ping An Group” and including its subsidiaries and affiliates, “Ping An”), concerning the establishment of a joint venture (Headquarters: Shanghai, China; hereinafter, “the Joint Venture (Shanghai)”). In addition, the Company and Shionogi (Hong Kong) have entered into an agreement with Tutum Japan Healthcare Limited (Headquarters: Cayman Islands), which is a subsidiary of China Ping An Insurance Overseas (Holdings) Limited and an indirect subsidiary of Ping An Group, concerning the establishment of a joint venture (Headquarters: Hong Kong; hereinafter, “the Joint Venture (Hong Kong)”). Hereinafter, the Joint Venture (Shanghai) and the Joint Venture (Hong Kong) are collectively referred to as “the Joint Ventures” and the two agreements concerning their establishment are collectively referred to as “the Agreements.”

The Agreements were executed pursuant to the Basic Agreement on the Capital Alliance dated March 30, 2020 among Shionogi, Ping An Group and Ping An Life, and were executed based on the resolutions of Shionogi’s Board of Directors passed at a meeting on July 13, 2020¹. Upon the execution of the Agreements, the closing conditions for Shionogi’s disposal of treasury shares by way of third-party allotment to Ping An Life (hereinafter, “the Third-Party Allotment”), which we announced in “Notice Regarding the Signing of the Basic Agreement on the Capital and Business Alliance with Ping An Insurance and the Disposal of Treasury Shares by Way of Third-Party Allotment”² dated March 30, 2020, have been fully satisfied. Shionogi plans to execute the Third-Party Allotment promptly, with the details as outlined below. For details of the Third-Party Allotment, please refer to our press release issued on March 30, 2020².

Outline of Disposal

(1)	Period of Share Disposal	From July 29, 2020 to July 31, 2020
(2)	Number of Shares to Be Disposed of	6,356,000 shares of Shionogi’s common stock
(3)	Disposal Price	JPY 5,276 per Share
(4)	Amount of Capital to be Raised	JPY 33,534,256,000

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(5) Method of Offering or Disposal (Allottee)	By way of the Third-Party Allotment (Ping An Life)
(6) Other	Each of the foregoing items is conditional upon the taking effect of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.

The concept of the Capital and Business Alliance is to “create the future of healthcare.” Through this robust and long-term strategic partnership between Shionogi and Ping An, we believe that we can establish a data-driven ^{Note 1} drug discovery/development platform, combining Shionogi’s demonstrated new drug research and development capabilities with Ping An’s healthcare data and analytical expertise developed from its bases in the insurance, financial services and healthcare industries. In addition, we see additional synergies in combining the strengths of Shionogi and Ping An to build a manufacturing and quality control system using AI technology ^{Note 2} of Ping An, and to build a sales and distribution platform utilizing O2O (Online to Offline) ^{Note 3}. We believe that many synergies will be achieved in various areas of healthcare, and both companies can achieve increased corporate value and support the realization of a healthy society.

Through the Joint Ventures, Shionogi will work to achieve the goals of Shionogi Transformation Strategy 2030³, our new medium-term business plan. We also strive to realize our vision for 2030 of “Building Innovation Platforms to Shape the Future of Healthcare” which matches the concept behind the establishment of the Joint Ventures with Ping An.

Note 1: Refers to the judgement/action based on data such as real-world data, marketing data, web analysis data, etc.

Note 2: Refers to the technologies that use software etc. to artificially reproduce certain human intellectual behaviors or to monitor and analyze pictures and sounds and detect or forecast abnormal or illegal situations.

Note 3: Refers to the promotion of marketing and sales activities by combining online websites and offline physical stores.

We are currently carefully examining the impact that the establishment of the Joint Ventures and the execution of the Third Party Allotment will have on Shionogi’s consolidated operating results for the year to March 2021. If, as a result of these examinations, we deem that our operating forecasts need to be revised, we will make prompt public announcement.

About Shionogi

Shionogi & Co., Ltd. is a major research-driven pharmaceutical company dedicated to bringing benefits to patients based on its corporate philosophy of “supplying the best possible medicine to protect the health and wellbeing of the patients we serve.” Shionogi’s research and development currently targets two therapeutic areas: infectious diseases, and pain/CNS disorders. For over 60 years,

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Shionogi has developed and commercialized innovative oral and parenteral anti-infectives. In addition, Shionogi is engaged in new research areas, such as obesity/geriatric metabolic diseases and oncology/immunology. Contributing to the health and QOL of patients around the world through development in these therapeutic areas is Shionogi's primary goal. For more details, please visit www.shionogi.com/global/en/.

About Ping An Group

Ping An Group is a world-leading technology-powered retail financial services group. With over 204 million retail customers and 534 million Internet users, Ping An Group is one of the largest financial services companies in the world.

Ping An Group has two over-arching strategies, “pan financial assets” and “pan health care”, which focus on the provision of financial and healthcare services through our integrated financial services platform and our five ecosystems of financial services, health care, auto services, real estate services and smart city services. Our “finance + technology” and “finance + ecosystem” strategies aim to provide customers and internet users with innovative and simple products and services using technology. As China's first joint stock insurance company, Ping An Group is committed to upholding the highest standards of corporate reporting and corporate governance. Ping An Group is listed on the stock exchanges in Hong Kong and Shanghai.

In 2020, Ping An Group ranked 7th in the Forbes Global 2000 list. In 2019, Ping An Group ranked 29th on the Fortune Global 500 list. Ping An Group also ranked 38th in the 2020 WPP Kantar Millward Brown BrandZ™ Top 100 Most Valuable Global Brands list. For more information, please visit www.pingan.cn.

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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References:

1. [Press Release: July 13, 2020](#)

Notice Regarding the Signing of the Agreements on the Establishment of the Joint Ventures with Ping An Insurance, the Establishment of a New Subsidiary, the Signing of the Agreements on Transfer of Subsidiary Shares and Equity Stakes, and the Disposal of Treasury Shares by Way of Third-Party Allotment

2. [Press Release: March 30, 2020](#)

Notice Regarding the Signing of the Basic Agreement with Ping An Insurance for a Capital and Business Alliance including the Disposal of Treasury Shares by Way of Third-Party Allotment

3. [Press Release: June 1, 2020](#)

Notice Regarding a New Medium-Term Business Plan