

May 16, 2007

Suzuken Co., Ltd.

Hiroshi Ota, President and CEO

Stock Code: 9987

Stock Exchange Listing: First sections of Tokyo and Nagoya stock exchanges, and
Sapporo Stock Exchange

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**Suzuken Co., Ltd. Announces Establishment of Joint Venture with
Shanghai Pharmaceutical Co., Ltd. in China**

On May 15, 2007, Suzuken Co., Ltd. and Shanghai Pharmaceutical Co., Ltd. concluded an agreement to establish a joint venture that will conduct ethical pharmaceutical wholesale operations in China.

1. Objectives

Conditions surrounding healthcare in Japan continue to be severe. The stringent health budget induced by population decline has prompted calls for radical reform throughout the health care system.

In contrast, the Chinese pharmaceutical market is expanding due to dramatic economic growth and an increasing population, creating demand for health services of greater quality and sophistication.

Against this backdrop, Suzuken has adopted internationalization as one of its management themes. This has led to the establishment of Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd. as a joint venture with Shanghai Pharmaceutical Co., Ltd. Suzuken intends to apply its pharmaceutical distribution know-how to operate the new company jointly with Shanghai Pharmaceutical Co., Ltd.

2. Overview

(1) Schedule

May 15, 2007	Conclude agreement to establish joint venture
September, 2007 (scheduled)	Obtain permit
December, 2007 (scheduled)	Establish joint venture

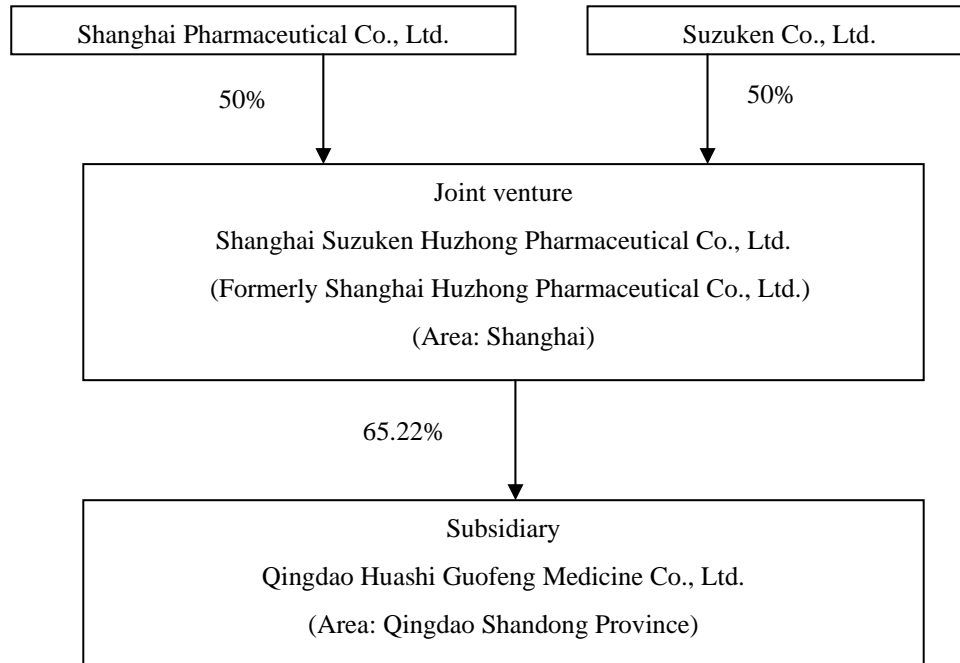
(2) Basic mechanism

(a) Establish joint venture by acquiring an equity stake

Suzuken will acquire 50% of the shares of Shanghai Huzhong Pharmaceutical Co., Ltd. which is owned by Shanghai Pharmaceutical Co., Ltd.

(b) The trade name of Shanghai Huzhong Pharmaceutical Co., Ltd. will change to Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd.

< Overview of Basic Mechanism >



(3) Overview of parties to agreement

(i) Tradename	Suzuken Co., Ltd.	Shanghai Pharmaceutical Co., Ltd.
(ii) Business type	Wholesaler of ethical pharmaceuticals	Wholesaler of ethical pharmaceuticals
(iii) Incorporated	August 10, 1946	January 18, 1994
(iv) Head office	8-banchi, Higashi Kataha-machi, Higashi-ku, Nagoya	No.1566 Yan'an (W) Road, Shanghai, China
(v) Representative ¹	Hiroshi Ota, President and Chief Executive Officer	Qian Jin, Chairman
(vi) Paid-in capital	¥13,546 million	474 million yuan (¥7,110 million)
(vii) Net assets	¥236,643 million	1,755 million yuan (¥26,325 million)
(viii) Total assets	¥767,803 million	6,678 million yuan (¥100,170 million)
(ix) Fiscal year-end	March 31	December 31
(x) Number of employees	4,516	3,036

(xi) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (retirement benefit trust account re-trusted by Sumitomo Trust & Banking Co., Ltd. as trustee for Shionogi & Co., Ltd.) 5.7% City Bank Singapore-Barclays Bank (Suisse) S.A. 4.7% Japan Trustee Services Bank, Ltd. (Trust account) 4.3% Shionogi & Co., Ltd. 3.5% Hiroko Bessho 3.2%	Shanghai Pharmaceutical (Group) Co., Ltd. (state-owned shares not traded publicly) : 39.69%
(xii) Net sales (consolidated)	¥1,454,841million	11,410 million yuan (¥171,150 million)

Notes:

1. Suzuken figures as of March 31 2007, Shanghai Pharmaceutical Co., Ltd. figures as of December 31, 2006
2. As of April 1
3. Figures in brackets are calculated at a rate of 1 yuan = ¥15

(4) Overview of joint venture

(i) Trade name	Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd.
(ii) Business type	Wholesaler of ethical pharmaceuticals
(iii) Head office	Shanghai, China
(iv) Representative	To be announced
(v) Paid-in capital	Provisionally 80.65 million yuan (approx. ¥129.75 million) Note: Figures are tentative
(vi) Number of employees	70
(vii) Net sales (consolidated)	1,396 million yuan (¥20,940 million) Note: Results from fiscal 2006
(viii) Consolidated subsidiary	Qingdao Huashi Guofeng Medicine Co., Ltd. Percentage of ownership: 65.22% Business type: Wholesaler of ethical pharmaceuticals Head office: Xian' Ju Road, Qingdao, Shandong Province, China Net sales: 407 million yuan (¥6,105 million) Note: Results from fiscal 2006

Note: Figures in brackets are calculated at a rate of 1 yuan to ¥15

3. Impact on business operations

Since Shanghai Suzuken Huzhong Pharmaceutical Co., Ltd. is not a consolidated subsidiary of Suzuken, the effect on business operations is expected to be negligible.