May 16, 2017

FANCL Corporation

TSE 1st Section: 4921

Announcement of distributorship agreement with China Sinopharm International Corporation

Yokohama, May 16, 2017— At a board meeting held today, FANCL Corporation has resolved to enter an agreement with subsidiary of China National Pharmaceutical Group Corporation, China Sinopharm International Corporation (Head office: Beijing, PRC, President:Can Li, hereafter referred to as "China Sinopharm International") for the distribution of FANCL brand health food products in mainland China. Details are as follows.

1. Reasons for entering distributorship agreement

To promote the FANCL health food business from a medium- to long-term perspective through mutual cooperation, with the aim of establishing a solid position for the FANCL brand in China's health food market and preventive healthcare field.

2. Contents of distributorship agreement

FANCL will grant China Sinopharm International exclusive distribution rights for FANCL brand health food products, and develop and supply health food products that can be sold in mainland China.

China Sinopharm International aims to enhance the value of the FANCL brand and increase sales, and will leverage its industry background and specialized knowledge to obtain import permits as health foods at an early stage while utilizing its medical and health related resources to provide a personalized and high value-added health management service.

Both companies are currently reviewing sales strategies, as well as considering retail business such as E-Commerce and stores, the development of a preventative healthcare business, and the development of health promotion services for B2B business.

3. Overview of China Sinopharm International Corporation

(1)	Company Name	China Sinopharm International Corporation
(2)	Address	No.4, Hui Xin Dongjie, Chao Yang District, Beijing, China
(3)	Representative	President, Can Li
(4)	Business	Import and export of food products and pharmaceutical raw materials, supply of international medical equipment, hospital reform and management, duty free retail business, etc.
(5)	Capital	Approx. JPY 34.0 billion (RMB 2.1 billion)
(6)	Relationship with FANCL	No relevant personnel/capital relationship

4. Future outlook

This distributorship agreement is deemed to have minimal impact on FANCL Group's consolidated business results for the fiscal year ending March 31, 2018. It is expected that the business will contribute to FANCL Group's business results going forward from FY ending March 31, 2020 at the earliest, due to the time required to develop products and acquire import permits from CFDA (China Food and Drug Administration).

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