



December 22, 2016

NEWS RELEASE

Name of Listed Company	TSUMURA & CO.
Representative	Terukazu Kato President & Representative Director (Code: 4540 First Section of the Tokyo Stock Exchange)
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## **Tsumura Announces Establishment of Tsumura China Inc.**

TSUMURA & CO. (Headquarters: Tokyo, Japan; President & CEO: Terukazu Kato; hereinafter “Tsumura”) announces that at a meeting held on December 22, 2016, its Board of Directors passed a resolution establishing of its China headquarters in Shanghai to control the functions of Group companies in China following its preparations for efficient operations in that country.

### **1. Purpose of the establishment of the China headquarters**

Tsumura will establish the China headquarters to control the supply chain, human resources, and funds for new businesses and existing businesses in China, including exports of crude drugs and extracts to Japan and the traditional Chinese medicine compound granules business\*<sup>1</sup>, and to strengthen the Company’s business administration function in the entire China business.

#### **\*<sup>1</sup>Traditional Chinese medicine compound granules business**

A single crude drug is extracted from crude drug pieces for decoction, made into a product through a series of processes that consists of separation, concentration, drying, mixing and granulation, and used for preparation of a drug in the same way as crude drug pieces for decoction.

The release on the establishment of a joint venture for this business was published on May 6, 2016.

## 2. Outline of the China headquarters

Name	Tsumura China Inc.
Location	Shanghai, China
Representative	Koin Toda, Chairman
Business	Business management of Tsumura Group companies in China and operations incidental to it
Capital stated in application for business permit	300 million RMB (approximately 5.09 billion yen, 43.2 million US dollars) 1RMB = ¥16.97 / \$0.1440
Planning Date of obtaining business permit	December, 2016
Shareholder and shareholding	TSUMURA & CO., 100%

## 3. Schedule

### (1) Reorganization of capital in Group companies in China

Tsumura will transfer its equity interests in SHENZEN TSUMURA MEDECINE CO., LTD.\*<sup>2</sup> and SHANHAI TSUMURA PHARMACEUTICALS CO., LTD.\*<sup>3</sup>, Tsumura Group companies in China, to Tsumura China Inc. in FY2017.

**\*<sup>2</sup>SHENZEN TSUMURA MEDECINE CO., LTD.**

SHENZEN TSUMURA MEDECINE CO., LTD. engages in the procurement, selection and processing, quality control, and storage of crude drugs, raw materials of kampo preparations.

**\*<sup>3</sup>SHANHAI TSUMURA PHARMACEUTICALS CO., LTD.**

SHANHAI TSUMURA PHARMACEUTICALS CO., LTD. manufactures and sells kampo extract powder.

### (2) New investment in China

Tsumura will invest in SPH TSUMURA PHARMACEUTICALS CO., LTD.\*<sup>4</sup>, a joint venture for which an agreement was signed in May this year, through Tsumura China Inc.

**\*<sup>4</sup>SPH TSUMURA PHARMACEUTICALS CO., LTD.**

SPH TSUMURA PHARMACEUTICALS CO., LTD. manufactures and sells traditional Chinese medicine compound granules in China.