



November 30, 2017

NEWS RELEASE

Name of Listed Company	TSUMURA & CO.
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Tsumura Announces Execution of Joint Venture Agreement
with Tianjin China Medico Technology Co., Ltd.

TSUMURA & CO. (hereinafter, “Tsumura”) announces that at a meeting held on November 30, 2017, its Board of Directors passed a resolution to conclude an agreement for the establishment of a joint venture (hereinafter, the “Joint Venture Agreement”), in which two companies, namely Tsumura China Inc. (hereinafter, “Tsumura China”), its wholly-owned subsidiary, and Tianjin China Medico Technology Co., Ltd. (hereinafter, “China Medico”), will make investments.

1. Purpose of Execution of Joint Venture Agreement

As a main provider of raw material crude drugs for Kampo preparations in China, China Medico has undertaken business with the Tsumura Group since it was established in 2011. Tsumura concluded a comprehensive business collaboration agreement with the company on May 11, 2016, jointly promoting business activities in the supply and procurement of raw material crude drugs, research on crude drug cultivation and processing, quality control of crude drugs, management of crude drug production sites, and production of Chinese crude drug pieces for decoction (prepared drugs in slices).

To address an increase regarding the amount of Tsumura-prepared Kampo products used in Japan, Tsumura, while working on increasing future production capacity, has decided that it is reasonable to

move forward with collaborations with China Medico, a company that possesses a function to procure raw material crude drugs for Kampo preparations and that has been conducting business with Tsumura under a relationship of trust. Based on this decision, Tsumura has entered into an agreement with China Medico to establish a joint venture company in Tianjin, China, that will be responsible for the production of Kampo extract powders that are intermediates for Kampo preparations.

Tsumura positions its strategy of “Taking on the challenge of new businesses in China” as one of the most important strategic challenges in the “New Medium-Term Management Plan (Fiscal 2016 – Fiscal 2021) announced in May 2016, promoting businesses with a view to contributing to public health in China, which is the main country from which Tsumura procures its raw material crude drugs for Kampo preparations. Looking to the future, Tsumura will consider entering the business of producing and selling traditional Chinese medicines in China through the Joint Venture Company.

The Joint Venture Agreement will be concluded subject to obtaining approval at a general meeting of shareholders of China Medico to be held on December 20, 2017.

2. Outline of the Joint Venture (planned)

(1)	Name of Company	TSUMURA SHENGSJI PHARMACEUTICALS CO., LTD.
(2)	Location	Tianjin, China
(3)	Representative	Gang Li, Chairman
(4)	Business Description	Production of Kampo extract powders that are intermediates for Kampo preparations, traditional Chinese medicinal drugs, and traditional Chinese medicine extract powders.
(5)	Capital	400 million RMB (Approximately 6.76 billion yen) 1RMB=16.91 JPY
(6)	Date of Foundation	January, 2018 (Plan)
(7)	Fiscal-year End	December 31 every year
(8)	Investment Ratios	Tsumura China: 70%, China Medico: 30%

3. Outline of Tsumura China

(1)	Name of Company	Tsumura China Inc.
(2)	Location	Area A, 2 nd Floor, Building 5, 276 Guo Shou Jing Road, China (Shanghai) Pilot Free Trade Zone
(3)	Representative	Koin Toda, Chairman
(4)	Business Description	Business management of Tsumura Group companies in China and operations incidental to it

(5) Capital	300 million RMB (Approximately 5.07 billion yen) 1RMB=16.91 JPY
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4. Joint Venture Partner

(1) Name of Company	Tianjin China Medico Technology Co., Ltd.	
(2) Location	Room 206, 2nd Floor, No. 18, Gaofu Rd, Binhai Science Park, Binhai New Coastal Area, Tianjin, China	
(3) Representative	Gang Li, Chairman	
(4) Business Description	Procurement, processing and sales of crude drugs	
(5) Capital	29 million RMB (Approximately 490 million yen) 1RMB=16.91 JPY	
(6) Date of Foundation	July 13, 2011	
(7) Major Shareholder and Shareholding Ratio	Gang Li (Chairman of China Medico)	65.82%
(8) Relationship Between the Parties		
Capital Relationship	There is no relationship to be disclosed between the parties.	
Personal Relationship	The Company dispatches one executive officer to the concerned party as a director.	
Transactional Relationship	The Company mainly procures raw material crude drugs for Kampo preparations from the concerned party.	
Status as Related Party	The concerned party does not fall under the related parties of the Company. The related parties and affiliates of the concerned party also do not fall under the related parties of the Company.	

5. Date

(1) Resolution of the Board of Directors	November 30, 2017
(2) Date of the conclusion of the Joint Venture Agreement	December 20, 2017 (Plan)
(3) Establishment date of the joint venture	January, 2018 (Plan)

6. Impact on Financial Results

The establishment of the joint venture company has only a minor impact on Tsumura's consolidated financial results for the fiscal year ending March 31, 2018.