



NEWS RELEASE

October 31, 2019

Name of Listed Company:	TSUMURA & CO.	Exchange:	Tokyo Stock Exchange
Code:	4540	URL:	https://www.tsumura.co.jp
Representative:	President, Representative Director and CEO	Name:	Terukazu Kato
Contact:	Head of Corporate Communications Dept.	Name:	Yosuke Tsuchiya
	Telephone: 81-3-6361-7100		

Tsumura Announces Dissolution and Liquidation of its Joint Venture in China

Tsumura & Co. (Headquarters: Tokyo, Japan; President & CEO: Terukazu Kato; hereafter, “Tsumura”) announces that at a meeting held on October 31, 2019, its Board of Directors passed a resolution dissolving and liquidating SPH TSUMURA PHARMACEUTICALS CO., LTD. (hereafter, “SPH TSUMURA”), its joint venture in China.

1. Reasons for the decision to dissolve and liquidate the joint venture

As officially announced in the news release titled “Tsumura Announces Establishment of a Joint Venture in China” on May 6, 2016, Tsumura established a joint venture in Shanghai, China, with Shanghai Traditional Chinese Medicine Co., Ltd. (hereafter, “Shanghai Traditional Chinese Medicine”), a subsidiary of Shanghai Pharmaceuticals Holding Co., Ltd. (hereafter, “Shanghai Pharmaceuticals Holding”) to enable it to enter the business of traditional Chinese medicine compound granules and has been preparing for manufacturing and sales as well as research and development on traditional Chinese medicine compound granules.

However, SPH TSUMURA has been unable to obtain production licenses to manufacture traditional Chinese medicine compound granules throughout China, which made it difficult to enter the business. In this situation, SHP TSUMURA led to a resolution to dissolve and liquidate the company in light of the intention of Shanghai Pharmaceuticals Holding, its parent company.

After the termination of the joint venture agreement, Shanghai Pharmaceuticals Holding and Tsumura’s partnership will remain unchanged because they have had a good, long-term relationship since the establishment of a joint venture, SHANHAI TSUMURA PHARMACEUTICALS CO., LTD., in 2001, and cooperative relationships will be continued.

Tsumura acquired valuable assets from new knowledge in manufacturing technology and quality evaluation technology accumulated through research and development related to traditional Chinese medicine compound granules. Tsumura will continue working toward its original goal to contribute to the health of China by taking advantage of its knowhow in kampo and the crude drug business, and focusing management resources on other businesses being promoted in China to achieve the third medium-term management plan announced in May 2019.

2. Outline of the joint venture

Name of company	SPH TSUMURA PHARMACEUTICALS CO., LTD.
Location	Shanghai, China
Representative	Zhang Yaohua, Chairman
Capital	600 million RMB (approximately 9.25 billion yen), 1 RMB = ¥15.42 Breakdown: 29.4 million RMB of paid capital from Tsumura China Inc.
Business description	Manufacturing and sales of traditional Chinese medicine compound granules, research and development of products, research and development of manufacturing methods, and other operations.
Date of establishment	July 13, 2016
Investment ratio	Shanghai Traditional Chinese Medicine: 51%, Tsumura China Inc.: 49%

3. Joint venture partner

Name of company	Shanghai Traditional Chinese Medicine Co., Ltd.
Location	Shanghai, China
Representative	Shen Bo, Chairman
Capital	1,476 million RMB (approximately 22.75 billion yen) 1 RMB = ¥15.42

Parent company

Name of company	Shanghai Pharmaceuticals Holding Co., Ltd.
Location	Shanghai, China
Representative	Zhou Jun, Chairman
Capital	2,842 million RMB (approximately 43.82 billion yen) 1 RMB = ¥15.42
Major shareholders	Shanghai Industrial Investment (Holdings) Co., Ltd., Shanghai Shangshi (Group) Co., Ltd., and Shanghai Pharmaceutical (Group) Co., Ltd.
Listed in	Shanghai Stock Exchange, Hong Kong Stock Exchange

4. Future schedule

Conclusion of joint venture termination agreement: November 2019 (scheduled)

Dissolution and liquidation procedure will begin in November 2019 (scheduled) in accordance with the local laws and regulations and will conclude upon the completion of the required procedures.

5. Impact on the business performance

The loss related to the liquidation of the joint venture for the fiscal year ending March 2020 is currently being confirmed. However, it will have a minor impact on Tsumura's business performance for the term.