

## Translation

### Chugai to Sign an Agreement to Enter China Medical City and to Establish an Import and Sales & Marketing Subsidiary “Chugai Pharma (China) Co., Ltd (Tentative Name).”

December 25, 2013 (Tokyo) - Chugai Pharmaceutical Co., Ltd. [Main Office: Chuo-ku, Tokyo. Chairman & CEO: Osamu Nagayama (hereafter, “Chugai”)] announced today that on December 24, 2013, it signed an agreement with the Taizhou Medical High-Tech Industrial Development Zone [English Name: China Medical City] (hereafter, “CMC”), a special economic zone in Taizhou, Jiangsu Province, China, to enter CMC. Chugai will establish a wholly-owned import and sales & marketing subsidiary, Chugai Pharma (China) Co., Ltd. (tentative name) [hereafter, “Chugai Pharma (China)”] in CMC.

In China, the pharmaceutical market is expected to grow due to an increased awareness of healthcare accompanying the increase and aging of the population and progressive urbanization. Further, the Chinese government, in an effort to respond to the aging population and to rectify the disparity in healthcare between the cities and outlying regions, is moving forward with “healthcare system reform”. It is also promoting the improvement of pharmaceutical affairs / the pharmaceutical system as well as promoting global clinical trials and the development of biopharmaceuticals, and is actively seeking to attract foreign companies.

Chugai Pharma (China) is scheduled to conduct the import and sales & marketing of Chugai products as a base for Chinese pharmaceutical market. Previously, Chugai had exported Chugai products to pharmaceutical companies and wholesalers located in China, and consigned the distribution of products to these companies. It is expected that the flexibility of Chugai’s business activities in China will be increased with the addition of this business model that Chugai itself will distribute the products.

Osamu Nagayama, Chairman & CEO of Chugai said, “We are extremely happy to be able to establish a sales & marketing function in China. We intend to build upon the business experience and network we have established in China thus far to further strengthen our sales & marketing function.”

Lu Chunyun, Secretary of Party Working Committee of CMC said, “We recognize that the entry of Chugai into CMC is based on trust that CMC has an established pharmaceutical business environment, and it will be a strong driving force for the development of CMC as well. Taizhou and CMC will provide an exceptional environment and services to Chugai, and

will provide full support for the business activities of Chugai Pharma (China). We promise to build a win-win relationship as we grow and develop together.”

**【Overview of the New Company】**

1. Company Name (Tentative): Chugai Pharma (China) Co., Ltd.
2. Location (Planned): G31-1 Yao Cheng Da Dao Gao Gang Qu, Taizhou, Jiangsu, China
3. Capital: 30 million USD (100% Owned by Chugai)
4. Business Activities: Import and sales & marketing of pharmaceutical products in China
5. Representative: Takashi Sakabe
6. Scheduled Date of Establishment: March 2014
7. Number of Employees: To be determined

**【Reference】**

**About China Medical City (CMC)**

CMC was established in September 2006 as China's only national level medical high-tech industrial development zone specializing in biological products. Established jointly by China's Ministry of Science and Technology, the Ministry of Health, the China Food and Drug Administration, the State Administration of Traditional Chinese Medicine of the People's Republic of China, and the local Jiangsu government, CMC contains the comprehensive functions mainly consisting of scientific research, development, production and manufacturing, display, trade, healthcare, and education within an area of 30 square kilometers. It boasts the largest scale in China, and is a zone equipped with cutting edge supply chain functions. Approximately 500 affiliated companies from the pharmaceutical, medical devices, vaccine, diagnostic drug, traditional Chinese medicine, health food, and cosmetics industries are currently based in CMC.