

January 11, 2011

To whom it may concern:

Company Name : TOHO HOLDINGS CO., LTD.  
Representative : Norio Hamada /  
President and Representative Director  
(Securities Code: 8129 / First Section of Tokyo Stock Exchange)  
Contact : Katsuya Kato, Corporate Officer and  
General Manager of Corporate Communications Office  
and Corporate Planning Office  
(TEL: 03-5259-9520)

## Notice Regarding the Foundation of a Joint Venture with the Jointown Pharmaceutical Group Co., Ltd., a Leading Pharmaceutical Wholesale Company in China

TOHO HOLDINGS CO., LTD. is pleased to announce that TOHO HOLDINGS CO., LTD. (headquartered in Setagaya-ku, Tokyo; Norio Hamada, President and Representative Director; hereinafter "TOHO HOLDINGS") and ITOCHU Corporation (headquartered in Minato-ku, Tokyo; Masahiro Okafuji, President and CEO; hereinafter "ITOCHU") jointly with Jointown Pharmaceutical Group Co., Ltd. (headquartered in Wuhan City, Hubei Province, P. R. China; Liu Baolin, Chairman; hereinafter "Jointown Pharmaceutical Group"), one of the leading wholesale companies of pharmaceuticals and medical equipment in China, have established and commenced full-scale operation of Hubei Kyoso Pharmaceutical Co., Ltd. (headquartered in Wuhan City, Hubei Province, P. R. China; Mitsuo Morikubo, Chairman; hereinafter "Hubei Kyoso Pharmaceutical"), a joint venture company engaged in the wholesale of pharmaceuticals, medical equipment, health foods and health appliances, including the products of Japanese and overseas manufacturers, for Chinese hospitals, clinics and pharmacies.

Jointown Pharmaceutical Group is the third-largest company among the wholesalers of pharmaceuticals and medical equipment in the Chinese market (the largest of the private wholesale companies in China with sales of about 22 billion yuan for fiscal 2009), and listed its stock on the Shanghai Stock Exchange on November 2, 2010. It owns 14 large-scale distribution centers, 25 medium-sized distribution centers and 288 domestic sales branches in China and has established distribution and sales networks for about 69,500 existing customers consisting of hospitals, clinics and pharmacies. Hubei Kyoso Pharmaceutical aims at sales expansion for the products of Japanese and overseas companies in the Chinese market by utilizing these networks.

As the first series of products to be marketed, Hubei Kyoso Pharmaceutical has commenced sales of products for pharmacies produced by Kobayashi Pharmaceutical Co., Ltd. (Shanghai Kobayashi Daily Chemicals Co., Ltd) Moreover, following the recent acquisition of a medical equipment business license, Hubei Kyoso Pharmaceutical will seek to expand its sphere of business into the sales of medical equipment that is exported for the overseas market by ITOCHU and other medical equipment for hospitals and clinics.

Furthermore, TOHO HOLDINGS and ITOCHU will expand into the following businesses through Hubei Kyoso Pharmaceutical in the near future.

1. Sales throughout China, including inland districts, of pharmaceuticals, medical equipment, health foods and health appliances imported or made by overseas manufacturers, including Japanese manufacturers

Imports of the products of Japanese and overseas manufacturers, and sales of pharmaceutical products, medical equipment, health-related products, and other products, which are manufactured by overseas manufacturers operating in China, in all regions throughout China, taking advantage of Jointown Pharmaceutical Group's logistics and sales network in China, expertise of TOHO HOLDINGS in sophisticated and efficient logistics for pharmaceutical products, and ITOCHU's network with Japanese and overseas medical-related manufacturers

2. Expansion of sales channels for hospitals through value-added medical-related services

At present, Jointown Pharmaceutical Group sells commercial drugs including OTC(\*1) drugs and medical equipment classified as Class 1 or Class 2(\*2), including a clinical thermometer and sphygmomanometers, to retailers including general pharmacies. Hubei Kyoso Pharmaceutical will expand sales of prescription medicines and technically advanced medical equipment categorized as Class 3(\*2), including catheters, offering value-added services to hospitals, clinics, and medical institutions, for instance by supporting the introduction of hospital inventory management systems for hospitals, currently being jointly developed by Jointown Pharmaceutical Group and TOHO HOLDINGS.

3. Provision of a safe and secure infrastructure for overseas manufacturers and drug stores entering the Chinese market

With the introduction of TOHO HOLDINGS' cutting-edge distribution traceability technology for pharmaceutical products and medical equipment, Hubei Kyoso Pharmaceutical will provide its customers with support for the establishment of procurement routes, the accurate assessment of information concerning the delivery of products up to end users and appropriate feedback to the manufacturers, the promotion of rationalization and improved transparency in distribution, and consulting for the introduction of customer support systems. In addition, Hubei Kyoso Pharmaceutical will assist customers in their acquisition of the approvals and authorizations required for product development and sales in Chinese markets, providing Japanese and overseas manufacturers of pharmaceutical products and medical equipment who are entering the Chinese market with an environment for the safe and secure deployment of their businesses.

In China, the pharmaceutical market is continuing to grow by around 20% yearly with the medical equipment market growing by about 30% per year, and significant rapid growth is expected for these markets in the near future. Through the joint venture, TOHO HOLDINGS and ITOCHU will assist Jointown Pharmaceutical Group in its operations, and at the same time provide support for Japanese and overseas companies that are launching their products in Chinese markets. Hubei Kyoso Pharmaceutical is aiming at a volume of business valued at 300 million yuan (equivalent approximately to 4 billion yen) for 2012.

TOHO HOLDINGS deploys medical businesses that focus on the patients under the slogan "Total Commitment to Good Health." In light of the "Medical Reforms" that has recently been promoted in China, the Company will do its best regarding "streamlining of logistics," "reliability of pharmaceutical products," "improvement of community healthcare," "development of rural healthcare systems," and "transparent transactions."

ITOCHU has been focusing on the healthcare business as one of its new business fields based on its medium-term management plan, Frontier<sup>e</sup> 2010, and will construct and expand new overseas businesses in the healthcare field based on investments in the joint venture described above. In particular, while ITOCHU views China as the key country for its healthcare business, it will seek to achieve synergies between its healthcare-related affiliates in Japan and overseas, and create new businesses.

\*1 OTC

OTC stands for Over The Counter. Pharmaceuticals that can be purchased without prescriptions

\*2 Types of medical equipment

In China, medical equipment is classified into three classes (Class 1 – Class 3) according to their purposes, methods, and risks. Class 1 has the lowest risk.

■ Outline of Hubei Kyoso Pharmaceutical (Joint venture)

Company name : Hubei Kyoso Pharmaceutical Co., Ltd.

Corporate representative: Mitsuo Morikubo, President

Principal place of business: NO.11 Zhuankou District, Wuhan Economic Development Zone, Wuhan, Hubei, China

Establishment: May 2010

Capital: RMB 30 million (JPY About 400 million)

Share: Jointown Pharmaceutical Group; 49%, TOHO HOLDINGS; 41%, ITOCHU Corporation; 10%

Employee: 40

Business contents: Wholesale of pharmaceuticals, medical equipment, cosmetics, daily goods, foods and others

■ Outline of Jointown Pharmaceutical Group

Company name : Jointown Pharmaceutical Group Co., Ltd.

Corporate representative: Liu Baolin

Principal place of business: No.8 Longyang Road, Hanyang District, Wuhan, Hubei, China

Establishment: May 2000

Capital: RMB 1,270 million (JPY About 17,800 million)

Employee: About 7,600

Business contents: Pharmaceutical wholesaling, operation of franchised pharmacies

Net sales: Fiscal year ending December 2008; RMB 18.9 billion (JPY About 250 billion)

: Fiscal year ending December 2009; RMB 22 billion (JPY About 300 billion)