

For Immediate Release

Company name	Otsuka Holdings Co., Ltd.
Representative	Tatsuo Higuchi President and Representative Director, CEO
Code number	4578, First Section, Tokyo Stock Exchange
Inquiries	Yuji Kogure Director, Investor Relations Department

Notification of Change of Equity Method Affiliate (Transfer of Shares)

We announce that on May 16, 2016, Giant Harvest, Ltd. which is an indirectly owned subsidiary of our own subsidiary, Otsuka Pharmaceutical Co., Ltd., entered into a Share Purchase Agreement Giant Harvest, Ltd.'s transfer of shares of VV Food & Beverage Co., Ltd. (“VV Food & Beverage”) to An Xin Qian Sheng Fortune Management (Shenzhen) Co., Ltd. and Founder Securities Co., Ltd. As a result of the transfer of the shares in accordance with the Share Purchase Agreement (“the Transfer”), VV Food & Beverage will cease to be an Otsuka Holdings affiliate which is accounted for using the equity-method. In addition, we announce that we expect to receive extraordinary income during the current fiscal year as a result of the Transfer.

Particulars

1. Reason for the Transfer

The Otsuka group took a stake in VV Food & Beverage in 2005 with the aim of realizing and advancing the idea of soy foods in China, Asia and the world. We will Transfer the shares in order to further develop the business of VV Food & Beverage and to strengthen our financial foundation. After the Transfer, the Otsuka group will continue its business alliance with VV Food & Beverage and collaborate with VV Food & Beverage to increase the value of the business for both of our companies.

2. Outline of Equity-Method Affiliate to be Divested

(1) Company Name	VV Food & Beverage Co., Ltd.	
(2) Location	NO.300 VV Boulevard XuZhou, Jiangsu, China	
(3) Representative Director	Yang Qidian, Chairman of the Board	
(4) Main Business	Manufacture and sale of milk, soymilk, baijiu and others	
(5) Capital (as of December 31, 2015)	1,672,000,000 RMB	
(6) Date Established	July 1999	
(7) Ownership Ratio (as of December 31, 2015)	維維集團股份有限公司	31.29%
	Giant Harvest, Ltd.	18.95%
	Otsuka (China) Investment Co., Ltd.	6.26%
	中国証券金融股份有限公司	2.99%

(8) Relationship with Otsuka Holdings (as of December 31, 2015)	Capital Relationship	Giant Harvest, Ltd. 18.95% Otsuka (China) Investment Co., Ltd. 6.26%	
	Personal Relationship	Three officers or employees of an Otsuka Holdings affiliate are members of the Board of Directors of VV Food & Beverage.	
	Business Relationship	There is no applicable connection to be described between the companies.	
(9) Consolidated Financial Conditions and Business Results for the Past Three Years			
Fiscal year-ended (in thousands of Chinese Yuan)	2013	2014	2015
Net Assets	3,240,901	3,346,615	3,363,651
Total Assets	7,116,502	7,520,452	8,030,879
Net Assets per Share (Chinese Yuan)	1.94	2.00	2.01
Net Sales (in thousands of Chinese Yuan)	5,061,830	4,462,424	3,887,769
Operating Income (in thousands of Chinese Yuan)	149,868	306,330	110,672
Ordinary Income (in thousands of Chinese Yuan)	242,368	308,197	161,266
Net Income (in thousands of Chinese Yuan)	80,589	200,642	101,504
Net Income per Share (Chinese Yuan)	0.05	0.12	0.06
Dividend per Share (Chinese Yuan)	0.05	0.02	0.03

3. Information on the Transferee of the Shares

(1) Company Name	An Xin Qian Sheng Fortune Management (Shenzhen) Co., Ltd.	
(2) Location	Room A201, multi-function office building of the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone, No.1 Liyumen Street, Qianwan Yi Road, Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone, Shenzhen (located at Shenzhen Qianhai Business Secretary Co., Ltd.)	
(3) Representative Director	Liu Ruling	
(4) Main Business	Asset management operation and others	
(5) Capital (RMB)	20,000,000RMB	
(6) Date Established	December 2, 2013	
(7) Net Assets (RMB)	49,894,013RMB (as of December 31, 2015)	
(8) Total Assets (RMB)	167,758,166RMB (as of December 31, 2015)	
(9) Ownership Ratio	安信基金管理有限責任公司 100.00%	
(10) Relationship with Otsuka Holdings	Capital Relationship	There is no applicable connection to be described between the companies.
	Personal Relationship	There is no applicable connection to be described between the companies.
	Business Relationship	There is no applicable connection to be described between the companies.
	Status of Related Parties	There is no applicable connection to be described between the companies.

(1) Company Name	Founder Securities Co., Ltd.	
(2) Location	22-24/F, Oversea-Chinese International Building, Section 2, Middle Furong Road, Changsha	
(3) Representative Director	He Qicong	
(4) Main Business	Securities investment consulting, securities trading, asset management operation and others	
(5) Capital (RMB)	8,232,101,395RMB	
(6) Date Established	October 26, 1994	
(7) Net Assets (RMB)	35,524,723,400RMB (as of December 31, 2015)	
(8) Total Assets (RMB)	154,425,206,400RMB (as of December 31, 2015)	
(9) Ownership Ratio (as of December 31, 2015)	北大方正集团有限公司控股 27.75%	
(10) Relationship with Otsuka Holdings	Capital Relationship	There is no applicable connection to be described between the companies.
	Personal Relationship	There is no applicable connection to be described between the companies.
	Business Relationship	There is no applicable connection to be described between the companies.
	Status of Related Parties	There is no applicable connection to be described between the companies.

4. Number of Shares to be Transferred, Transfer Price, and Otsuka Group's Shareholdings before and after Transfer

(1) Number of Shares Held before Transfer	316,800,000 shares (Number of voting rights : 316,800,000) (Ratio of voting rights owned : 18.95%)
(2) Number of Shares to be Transferred	316,800,000 shares (An Xin Qian Sheng Fortune Management (Shenzhen) Co., Ltd. 165,500,000 shares, Founder Securities Co., Ltd. 151,300,000 shares).
(3) Transfer Price	1,488,960,000 RMB
(4) Number of Shares Held after Transfer	0 shares

5. Schedule of Transaction

(1) Execution of the Share Transfer Agreement	May 16, 2016
(2) Closing Date (anticipated)	Undetermined (We will announce the Closing Date after the applicable regulatory authorities have concluded their review of the transaction.)

6. Future Outlook

We will provide additional notification once the details are fixed regarding the impact that this gain on sales of investment securities will have on our consolidated financial results for 2016.