

Notice Regarding the Start of Cooperation with the Shanghai Wusongkou International Cruise Terminal

Laox Co., Ltd. (Headquarter: Minato-ku, Tokyo; President and Representative Director: Yiwen Luo; Securities code: 8202; “our company” hereinafter) is announcing that we have entered into an advertising agreement with Shanghai Wusongkou International Cruise Terminal Development Co., Ltd., which operates the Shanghai Wusongkou International Cruise Terminal the largest cruise ship terminal in China. This will allow us to promote our cooperation concerning our operation of all the billboard advertising inside the terminal, our operation of our showroom, etc.

We are promoting this project based on our “Second Mid-term Management Plan” that we published on February 2, 2015. Also, as of May 13, 2016, we have reclassified our business segments into “Domestic Retail Business”, “Overseas Business”, and “Others”, and we have advanced and deepened these projects further.

The intention of this year, which is the second year of our “Second Mid-term Management Plan”, is to strengthen and foster “Overseas Business” as our second pillar after “Domestic Retail Business” with the next mid-term plan in our field of vision.

The number of non-Japanese passengers that entered Japan on cruise ships was approximately 174,000 in 2013, approximately 416,000 in 2014, and approximately 1,116,000 in 2015. Also, the Japanese government has already achieved its goal of the year 2020 being “a year in which there is more a million cruise ship passengers entering Japan”, which was a goal that was published in the “Action Program for Making Japan a Tourist Destination”. Specifically, it can be said that the increase in cruise ships coming from China has contributed to achieving this goal ahead of schedule.

Port of Baoshan, Shanghai, China, which we will begin to work with, is China’s most prominent port for arrivals and departures of cruise ships. The number of ships departing from this port to Japan was 217 in 2014, which has increased every year since, as the number was 283 in 2015 and is expected to be 607 in 2016. The total number of passengers using the Port of Baoshan in 2016 is expected to exceed 4,000,000, and the number of those of passengers visiting Japan is expected to reach 1,740,000.

We have opened shops in prominent areas where cruise ships stop in Japan, and we possess a lot of knowhow regarding how to accommodate these visitors.

This cooperation will mainly include: (1) proxy business operation of billboard advertising in a

space of approximately 378 m² inside the terminal, (2) the opening of a shop inside the terminal (to provide reservations and extradition with Laox shops located in Japan), (3) the operation of a showroom (to introduce passengers to made-in-Japan products, introduce passengers to tourism in Japan, etc.), and (4) the operation of a restaurant area. Our total area of operation inside the terminal will be approximately 770 m².

Not only will we provide Japanese-premium goods and services to visitors who have actually made it to Japan, but we will create plans to reliably attract visitors to our shops in Japan by introducing made-in-Japan goods and services to visitors who plan to visit Japan before they actually enter the country in order for them to have the Japanese experience before getting here. We ask that you look forward to our future initiatives regarding our foreign projects.

Reference 1 Overview of partner company

Company: Shanghai Wusongkou International Cruise Terminal Development Co., Ltd. *This is a limited enterprise made possible by funding from the government of Baoshan District, Shanghai

Director: Wang You Nong

Location: 1 Baoyang Road, Baoshan District, Shanghai City

Capital: 300 million yuan

Date of establishment: November 20, 2008

Reference 2 Port of Baoshan



Port of Baoshan has two stops for large-sized cruise ships along its 774-meter coastline that was established during the first stage of construction, so this terminal was capable of docking a single 100,000-ton cruise ship and a single 200,000-ton cruise ship at the same time.

Additional construction began on April, 18th 2015, which further extended the port 380 meters upstream and 446 meters downstream. Then, two more large-sized cruise ship stops were constructed. The length of terminal reached 1,600 meters after this construction was completed, and this port became capable of accommodating two 225,000-ton cruise ships and two 150,000-ton cruise ships, a total of four large-sized cruise ships, simultaneously.

In the current course, the port is planned for completion at the end of 2016, and test operation is planned to begin from 2017.

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