



April 23, 2021

Press Release

Company name: Laox Co., LTD.
Representative: Kensaku Iida, President and
Representative Director
(Code number: 8202 TSE2)
Contact: Manabu Sato, Vice Division
Director of Corporate Division
(Tel: 03-5405-8859)

Notice of Establishment of a Joint Venture on Hainan Island, China

Laox Co., Ltd. (the "Company") hereby announces that its Board of Directors resolved at a meeting on April 23, 2021 to establish a joint venture on Hainan Island, China between LAOX Shanghai Co., Ltd. ("LAOX Shanghai"), a subsidiary in China, and Hainan Tourism Duty-Free Goods Co. (headquartered on Hainan Island, China; Xie Zhiyong, Representative; hereinafter "Hainan Tourism") and Hylink Digital Solutions Co., Ltd. (Shanghai Stock Exchange: 603825; headquartered in Beijing, China; Su Tong, Representative; hereinafter "Hylink"). Details are as follows.

1. Purpose of establishment of joint venture

Hainan Island, which is located in the southernmost part of China, is designated as a free trade test zone and is planned to be China's largest special economic zone. It is one of two isolated islands in China, where duty-free shopping is allowed. While it was difficult to travel outside of China amid the COVID-19 pandemic, over 60 million tourists (January to December, 2020) visited the island. In June 2000, the master plan for Hainan free trade port was released. The plan is for trade liberalization and includes zero tariffs in the entire island. The region has high growth potential. The Company restructured the organization on April 1, 2021 and established the China Business Div. and Outbound Business Div. to accelerate business development in the Chinese market and Southeast Asian market, which are growing remarkably. The purpose of the establishment of the joint venture is developing business on Hainan Island, a new growth market, and expanding the Group's business and sales channels, leveraging the Group's experience and track record in tax-exempt service and live commerce over many years, the expertise on travel service in China and duty-free retail of Hainan Tourism, a Chinese state-owned company, and the ability to attract customers, online and offline, of Hylink, a major advertising agency in China.

2. Profile of joint venture

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| (1) Name | To be determined (as of April 23, 2021) |
| (2) Location | Haikou, Hainan province, China |
| (3) Representative | To be determined (as of April 23, 2021) |
| (4) Business | (i) Sale of goods at duty-free shops and online shops (live commerce)
(ii) Supply of goods to licensed duty-free companies
(iii) Brand advertising for Japanese manufacturers and local governments' tourism sections |
| (5) Capital | 10 million renminbi (approx. 168 million yen)* |
| (6) Established | May 2021 (planned) |

(7) Investment ratio	Hainan Tourism Duty-Free Goods Co.	40%
	Hylink Digital Solutions Co., Ltd.	30%
	LAOX Shanghai Co., Ltd.	30%

3. Profiles of venture partners

(1) Business name	Hainan Tourism Duty-Free Goods Co.	
(2) Location	Haikou, Hainan province, China	
(3) Representative	Xie Zhiyong	
(4) Business	Tax-exempt service, retail, trade, logistics, etc.	
(5) Capital	500 million renminbi (approx. 8,420 million yen)**	
(6) Major shareholders	Hainan Tourism Investment Development Co. Ltd. (100%)	
(7) Established	July 2020	
(8) Relationships with the Company	Capital relationship: Not applicable Personal relationship: Not applicable Business relationship: Not applicable	

(1) Business name	Hylink Digital Solutions Co., Ltd.	
(2) Location	Beijing, China	
(3) Representative	Su Tong	
(4) Business	Advertising agency, etc.	
(5) Capital	228 million renminbi (approx. 3,849 million yen)**	
(6) Major shareholders	Su Tong	(29.4%)
	Jiang Xiangrui	(14.2%)
	Shanghai Hylink Co., Ltd.	(11.5%)

(7) Established June 1994

(8) Relationships with the Company

Capital relationship: In October 2019, the Company and Hylink concluded a business alliance agreement and established Hylink (Japan) Digital Solution Co., Ltd. The capital contribution by Hylink and the Company was 60% and 40%, respectively.

Personal relationship: Not applicable

Business relationship: Not applicable

* RMB is assumed to be 16.84 yen

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