

August 7, 2013

INCJ to invest in new company planning full-scale ASEAN roll out of EC business *Joint investment with Kinokuniya*

Tokyo, August 6, 2013 –Innovation Network Corporation of Japan (“INCJ”) announced today its decision to invest together with Kinokuniya Company, Ltd. (“Kinokuniya”) in Asian Basis Company (“New Company”) through a third-party share allotment. The investment will provide the New Company two billion Yen as growth capital required for expansion of its EC (E Commerce) business in the ASEAN market.

The New Company has already been established by Kinokuniya and software developer INFOCITY Inc. (“INFOCITY”).

Digitization in the bookselling industry is rapidly progressing in the major developed countries, leading to business transformation among existing bookstores, newspapers and magazine publishers. Although the ASEAN EC and E-book market is still in its infancy, the economic growth in the region has been remarkable, and the digital trends in those developed countries are also expected to be seen in ASEAN in the future. In order to be a leading player in the growing ASEAN market, it is necessary to establish a solid EC business framework at an early stage.

Since 1969, Kinokuniya globally has been expanding its business and now has 25 overseas stores, and 18 of which are located in ASEAN. Kinokuniya has successfully achieved high brand recognition and market share in the region. Furthermore, Kinokuniya has become a pioneer in online booksales with the establishment of an online bookstore called “BookWeb” in 1996 and an E-book distribution business called “Kinoppy” in 2010. Kinokuniya subsequently has expanded BookWeb into six overseas markets including Singapore, and has also developed the omnichannel* business model.

The New Company will actively roll out its EC business in the ASEAN market, leveraging the management resources and know-how accumulated by Kinokuniya through its business experience since establishment. The New Company will also introduce an E-book distribution business in cooperation with INFOCITY, which is a co-developer of Kinoppy together with Kinokuniya.

In the course of rolling out its EC business throughout the entire ASEAN region, the New Company plans to gain the participation of various business partners in Japan and the ASEAN market, and to expand its offerings and target markets while taking advantage of having Kinokuniya's actual stores.

INCJ will provide funds for system development, marketing and business expansion in ASEAN to optimize the omnichannel business of the New Company. The New Company expects to attract participation from a wide range of Japanese enterprises by utilizing the neutral status provided by INCJ's investment. At the same time, INCJ's credit worthiness will make the New Company possible to smoothly collaborate with local enterprises and expand its business in ASEAN .

INCJ believes that the New Company will contribute to the expansion of business opportunities for Japanese SMEs and venture companies overseas, and INCJ will continue to offer this type of "All Japan" support for ASEAN expansion.

* Omnichannel is a business strategy that goes beyond the concept of O2O (online to offline), offering customers the experience that they want by integrating all sales channels such as physical stores , websites, and social media.

About Asian Basis Company, Ltd.

Date of Establishment: April 2013
Business: Online store business (EC business, E-books business)
Address: 3-7-10 Shimomeguro, Meguro-ku, Tokyo, Japan
Representative: Masashi Takai (President, Kinokuniya Co., Ltd.)
Shareholder composition: Kinokuniya Co., Ltd., INFOCITY Inc.

About Kinokuniya Company, Ltd.

Date of Establishment: January 1, 1927
Business: Sales of Japanese and Western books, magazines, DVDs, CDs, etc.
Online sales of Japanese and Western books, magazines, DVDs, CDs, etc.
Kinokuniya Hall, Southern Theatre leasing business, Publine, KINO Vision, and other businesses
Address: 3-17-7 Shimomeguro, Meguro-ku, Tokyo, Japan

Representative: Masashi Takai
URL: <http://www.kinokuniya.co.jp/>

About INFOCITY Inc.

Established: May 21, 1984
Outline: System development on a contract basis
Address: 2-7-5 Shibuya, Shibuya-ku, Tokyo, Japan
Representative: Gota Iwanami
URL: <http://www.infocity.co.jp/>

About Innovation Network Corporation of Japan (INCJ)

INCJ was established in July 2009 as a public-private partnership that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. INCJ has the capacity to invest up to approximately ¥2 trillion.

To date, INCJ has invested approximately ¥650 billion in a total of 42 projects and is currently focused on a broad range of areas from green energy, electronics, IT and biotechnology to infrastructure-related sectors such as water supply. INCJ maintains a hands-on approach to investment, engaging in business development of cutting-edge core technologies through intellectual property funds, expansion of venture companies and aggressive overseas development through initiatives such as restructuring and mergers of tech businesses and acquisitions of foreign companies.

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[Appendix] INCJ to jointly invest with Kinokuniya in new company planning full-scale ASEAN roll out of EC business



Target: Asian Basis Company, Ltd. (Headquarters: Meguro-ku, Tokyo, Japan)
 Outline: Online sales centered on books in a range of languages, products related to Japanese culture (stationery, character goods, etc.)
 Investment: INCJ and Kinokuniya combined investment of up to ¥2 billion

Asian Basis Company, Ltd.

Target markets:

Singapore, Malaysia, Thailand, Taiwan, Australia, UAE
 (Total 6 countries and regions)

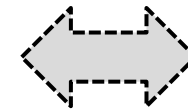
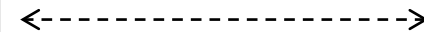
Business outline:

Online sales of the following products:

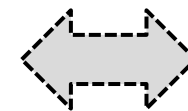
- Books in a range of languages
- Products related to Japanese culture
- E-book delivery (future plan)

Expand online sales business primarily into Asia, using an "All Japan" structure, with a view to establishing business and capital alliances with Japanese businesses and leading local partners in the future.

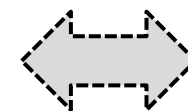
(Potential in future business and capital alliances)



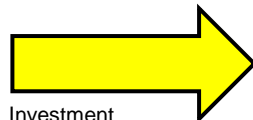
Japanese parcel service



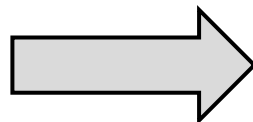
Japanese retailers



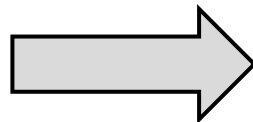
Local partners



Investment Management support



Investment, transfer of existing overseas online book-store business, provision of brand name and know how



Investment, support related internet-based service