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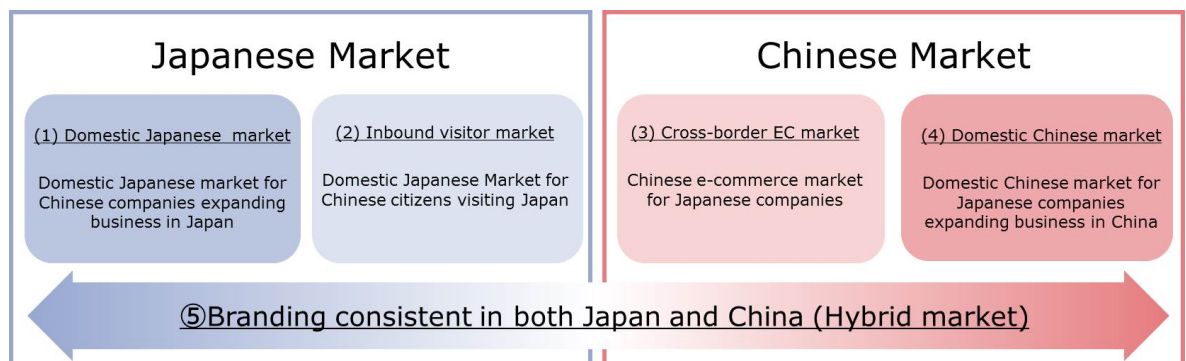
May 29, 2019

**Dentsu Group in Japan Launches Dentsu CXC
—a groupwide organization that will provide
cross-border solutions to marketing issues
concerning hybrid markets between Japan and China—**

**Strategic business alliance between Dentsu Digital and
USHOPAL, a China-based online sales and brand consulting company,
as a first step toward developing the Group's lineup of services**

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen) will collaborate with its Group companies to launch Dentsu China Xover Center (Dentsu CXC: "CXC" read as "'C' by 'C'"), a groupwide organization, on June 1. The purpose of Dentsu CXC is to provide cross-border solutions to marketing issues related to hybrid markets between Japan and China that are shared by companies in these two countries.

This organization comprises experts on business in China working in Dentsu and its Group companies both in Japan and China, and its name combines two letter "Cs", the first of which stands for "China" and the second of which represents several business domains that begin with the letter "C:" Communication, Commerce, Content, Creative and Collaboration. The inclusion of the second letter "C" expresses the organization's intention to produce achievements in these fields moving forward. We have decided to establish a framework based upon our judgement that Japan and China should not be perceived as two separate markets, but rather as hybrid markets that influence one another. Moving forward, Dentsu CXC will promote business support for companies in the four markets displayed in the illustration below.



As a concrete first step toward service lineup development, Dentsu Digital Inc. (Head Office: Minato-ku, Tokyo; President: Yoshihisa Suzuki) formed a strategic business alliance with USHOPAL, a China-based online sales and brand consulting company, in order to offer solutions to items three and four in the illustration above.

Behind this decision were current circumstances in China, where the building of sales channels and brands is becoming a major topic. On January 1, 2019, the Chinese national government enacted a new e-commerce law prescribing new rules governing the sales activities of resellers in China. As a result, the passing of this law is also beginning to influence inbound visitor demand in Japan. For companies that have traditionally depended on inbound demand, supplementing the drop-off in demand caused by this law with the construction of direct sales routes, such as cross-border e-commerce from Japan to China, as well as sales channels within China, is a pressing issue.

Based on these circumstances, the Group established a one-stop support system for brands that are under consideration for launch on the Chinese market, or for companies that are already engaging in cross-border e-commerce or conducting business in the Chinese market but are also experiencing difficulty with brand building and the management of multiple online sales channels. This system will offer comprehensive assistance with issues ranging from brand building to online sales.

The Group will provide intricate services that other companies cannot offer by combining its knowledge and expertise regarding brand building and promotional activities, one of its outstanding strengths, with USHOPAL's distinctively robust knowledge and expertise concerning sales and online distribution, including merchandise procurement.

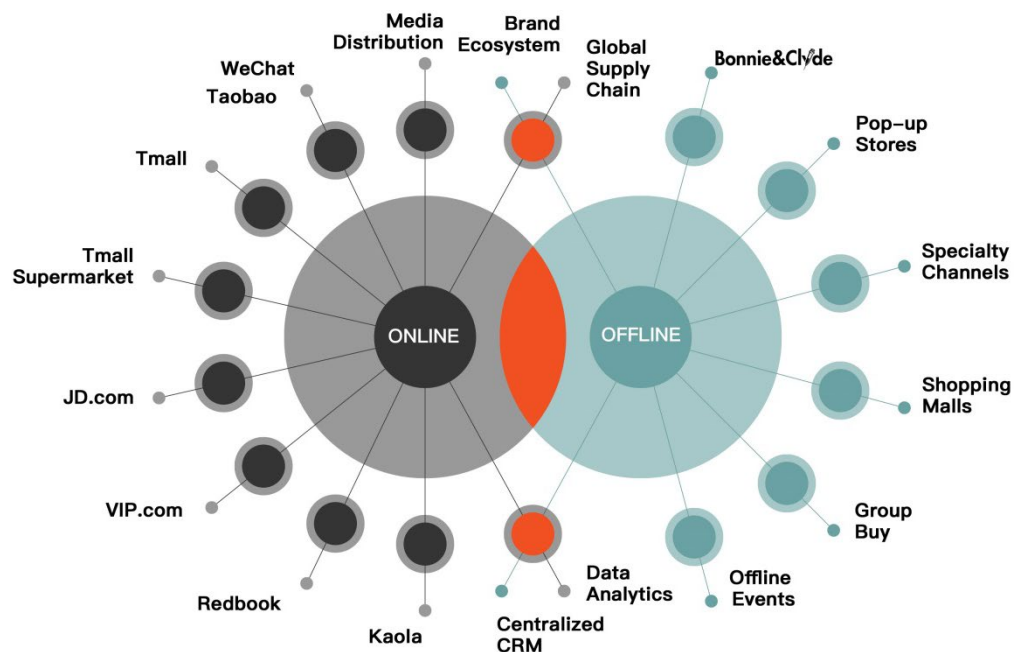
Specifically, Dentsu CXC will primarily provide the following four services:

1. Consulting and support for brand building within the Chinese market
 - Brand building that allows products to be recognized and selected as brands within the Chinese market, instead of relying on sales through binge shopping or sales in mass quantities.
 - Product portfolio strategy aimed at raising the profitability of all of a company's brands.
2. Development of online sales channels and a large variety of promotional services
 - Expansion of sales channels through appropriate selection and utilization of the central online sales channels of famous e-commerce malls in China, such as flagship stores in Tmall and JD.
 - Proper management of a large variety of promotional activities conducted within

Chinese online sales channels, which are increasing in diversity and complexity.

3. Sampling and other storefront promotional services linked to brick-and-mortar stores
 - With cross-border e-commerce, providing opportunities in China for customers to actually hold and try out products is quite difficult. To remedy this situation, Dentsu CXC will expand storefront promotion by utilizing USHOPAL's several Bonnie & Clyde experience shops.
4. One-stop support for processes ranging from inventory estimation to product distribution (customs, warehouse storage, deliver, etc.)
 - Delivery within two to three days has become the norm in terms of physical e-commerce distribution within China. However, direct delivery from Japan to China through cross-border e-commerce has begun to fail to meet consumer needs in China as customs inspections become stricter. For this reason, Dentsu CXC will establish a framework that will succeed in shortening delivery times and reducing stress suffered during product distribution through the utilization of USHOPAL's warehouses in China (bonded storage, etc.).
 - Dentsu CXC will prevent stockout, which is fatal in terms of online sales, through the use of USHOPAL's original inventory estimation and management system.

■ **Online and offline channels in the Chinese market covered by this business alliance**



Profile of USHOPAL

Company name: USHOPAL
<https://us.ushopal.com/>
Location: Changning District, Shanghai, China
Representative: Lu Guo, Founder & CEO
Date of Establishment: July 2015
Line of business: USHOPAL conducts business support for companies and brands pursuing new entry into the Chinese market. Especially proficient in beauty and healthcare domains such as cosmetics, skincare and supplements primarily targeting female customers, it concurrently provides swift and appropriate services assisting with brand building and recognition; channel construction and management; and product portfolio management. These services contribute to the business success of client companies in the Chinese market by designing marketing strategies and sales methods that are optimized for their corresponding brands from a comprehensive point of view.

Dentsu CXC logo (trademark pending in Japan)



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