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istyle

istyle China Opens @cosme Official Online Store on China's Largest General Trade E-commerce Website "Tmall"

Tokyo- istyle Inc. (Head office: Minato Ward, Tokyo; President and CEO: Tetsuro Yoshimatsu; TSE Securities Code: 3660; hereinafter "istyle") has opened a new official online store "@cosme Official Flagship Store" on March 29, 2019 on China's largest B2C general trade e-commerce website "Tmall.com (hereinafter "Tmall)", which is operated by China's biggest online commerce company Alibaba Group Holding Ltd. (hereinafter "Alibaba"), through its consolidated subsidiary istyle China Co., Ltd. (Head office: Shanghai; Chairman and General manager: Tadashi Yoshida).

▼Images of "@cosme Official Flagship Store" and the social media platform of Tmall "Weitao"



Since 2015, istyle has opened its first official overseas online store "@cosme Official International Flagship Store" on the cross-border e-commerce website "Tmall Global" operated by Alibaba. In addition to the sales of cosmetics products, istyle has provided local Chinese users with the same opportunities to experience beauty products and obtain beauty information as domestic Japanese consumers, and in so doing, created opportunities for many of these users to learn more about Japanese cosmetics brands. The number of cross-border e-commerce users in China continues to rise every year, exceeding 100 million people in 2018 (※1). Along with that, "@cosme Official International Flagship Store" has also grown steadily. At the same time, the number of monthly active users in the entirety of China's e-commerce market reached 699 million people in 2018 (※2), and it is indisputable that the scale of the general trade e-commerce market in China is larger than that of cross-border e-commerce. By entering the general trade e-commerce market, istyle will be able to deliver cosmetics products which are popular on @cosme to even more local Chinese users. Along with the grand opening of the new store, istyle will also seek to actively share beauty information from Japan and communicate with local Chinese users by officially launching its media account on Tmall's social media platform "Weitao."

In addition, although the postponement of the implementation of new cross-border e-commerce regulations mandating the submission of customs clearance certificates has been extended indefinitely beyond 2019, risks remain with regard to compliance with the new regulations once they come into force (※3). By leveraging its e-commerce experience accrued from its domestic and international operations to set up cross-border e-commerce stores as well as general trade e-commerce stores within China, istyle aims to provide comprehensive support and become a stable and powerful platform for cosmetics brands' access to China.

Regarding istyle's entry into the general trade e-commerce market, Alibaba has commented that it "would like istyle to bring many popular Japanese cosmetics products and brands to Chinese consumers, along with @cosme's rankings and beauty information." In the future, istyle will continue to support Japanese cosmetics brands' access to the Chinese market, and also strengthen business relationships with international cosmetics brands that consumers are enthusiastic about.

■ About "@cosme Official Flagship Store"

Grand opening: March 29, 2019 ※Soft launch in the beginning of March

Brands carried: Around 20 Japanese cosmetics brands, including KATE, freeplus, suisai, SOFINA, Curel, etc.

Number of unique products (SKUs) carried: Around 100 SKUs ※istyle is aiming to carry 30 brands and 200 SKUs by the end of June

Store website: <http://cosmehzp.tmall.com>

※1 Reference: iiMedia Research, "2018-2019 Cross-Border E-commerce Market Research Report"

<http://report.iimedia.cn/report.jsp?reportId=36328>

※2 Reference: Alibaba, "Alibaba Group Financial Results for December Quarter, 2018"

<https://www.alibabagroup.com/cn/news/article?news=p190130>

※3 Reference: Japan External Trade Organization, "Postponement of new cross-border e-commerce regulations extended indefinitely beyond 2019", <https://www.jetro.go.jp/biznews/2018/11/313fb96a4e305296.html>

Reference 1) Differences between General Trade E-commerce and Cross-border E-commerce

	General Trade E-commerce	Cross-border E-commerce
Definition	Buying and selling products which have obtained permission to sell in China	Buying and selling products which have not obtained permission to sell in China yet
Features	Obtainments of required permissions are necessary, for example the NMPA approval for cosmetics products ※NMPA : National Medical Products Administration, new official English name of CFDA	Seller must be overseas-based. Products must be shipped either directly from overseas or from cross-border e-commerce pilot zones in China
Transaction limits	-	5,000 RMB per transaction, and 26,000 RMB yearly
Taxation	Tariff, consumption tax, value-added tax	Tax advantages are provided: parcel tax will be applied for products shipped directly from overseas merchants, and cross-border integrated tax will be applied for products from cross-border e-commerce pilot zones in China ※Tax rate of cross-border integrated tax has been adjusted since April 1, 2019 <ul style="list-style-type: none"> • general cosmetics products: 11.2%⇒9.1% • luxury cosmetics products: 25.53%⇒23.05%

Reference 2) About Alibaba Group Holding Ltd.

Founded in 1999, Alibaba is an online mobile commerce company with the world's largest gross sales volume. With a mission of "becoming a force that amplifies the potential of all businesses," Alibaba is involved in distributing valuable goods, services, and entertainment content from around to world through online channels such as e-commerce, as well as offline channels such as physical stores and home delivery services. Alibaba has also mobilized mobile technology to provide services ranging from marketing to logistics and payment. In addition to operating China's largest C2C e-commerce platform "Taobao", B2C e-commerce platform "Tmall", as well as B2B trading platform "Alibaba.com", Alibaba has also launched the payment application "Alipay" and diversified its businesses in recent years.

Reference 3) About "@cosme" (<https://www.cosme.net/>)

Asia's largest integrated beauty-related information site operated by istyle. The site hosts a database containing almost every single cosmetics product sold in Japan, over 14.5 million scored comments posted by consumers who have actually used these products, and rankings that are generated from their comments. It provides various beauty-related content from all possible angles, including the introduction of beauty salons and a question corner. @cosme currently attracts around 16 million monthly unique users, with more than two-thirds of Japanese women aged 20s to 30s using the site every month. Harnessing the data collected on its site, istyle has launched various businesses in Japan and abroad such as the cosmetics select shop "@cosme store", @cosme official online store "@cosme shopping", etc.

Reference 4) About istyle's Global Strategy

istyle regards its global operations as one of the main pillars of its business, and aims to expand overseas in order to raise international recognition of the "@cosme" brand as well as to establish a universal cosmetics and beauty products database. istyle envisions a future in which users around the world can access "@cosme" with one user ID anytime, anywhere, in any preferred language, and make use of beauty services provided through localized physical stores and e-commerce avenues. Currently, including China, istyle has businesses in eight different countries and regions around the world.

【Corporate Overview: istyle Inc.】 <http://www.istyle.co.jp/> First Section, Tokyo Stock Exchange; Ticker Symbol: 3660

- Location: Ark Mori Building 34th FL, 1-12-32 Akasaka, Minato City, Tokyo
- Foundation: July 27, 1999
- Capital: 3.556 billion yen
- Representative Officer: Tetsuro Yoshimatsu, President and CEO
- Business Scope: Plan and operation of the comprehensive beauty care portal, @cosme, and related ad services



【Corporate Overview: istyle China Co.,Ltd】 <http://www.istyle-china.cn/index.html>

- Location: RM601, 2 Tower, SOHO Tianshan Plaza, 1717 TianShan Road, Changning District, Shanghai, China
- Foundation: September 7, 2012
- Representative Officer: Tadashi Yoshida, Chairman and General manager
- Business Scope: Media, marketing support, e-commerce, cosmetics products wholesale business, etc.

◆Contact◆ Corporate Communication Department, istyle Inc. Phone: 03-5575-1286 Fax: 03-5575-1261 Email: istyle-press@istyle.co.jp