

August 30, 2010

Notice Concerning Business Alliance with Chinese Travel Agencies

Formed business alliances with Shanghai's leading travel agencies regarding real estate tours in Japan for Chinese investors
Expect big increase in demand by lowering the requirements for issuing individual tourist visas
Expect to generate sales of more than 500 million yen in the current fiscal year

1. About business alliance contracts

(1) Background

The Shinoken Group serves investors in China in many ways. The group started real estate operations in China in 2006. In December 2009, the group acquired a company in Shanghai and is using this subsidiary to meet demand among Chinese investors for investments in Japanese real estate. Growth in the scale of expenditures by investors in China has been rapid in recent years because of China's strong economy. The result has been a steep increase in the number of inquiries about Japanese real estate at the subsidiary in Shanghai. Of course, there is also a big upturn in the number of discussions with Chinese investors about the Shinoken Group's investment apartments and condominiums.

In July 2010, Japan lowered the requirements for issuing individual tourist visas to holders of Chinese passports. Previously, only certain wealthy people qualified for a Japanese tourist visa. Under the new system, visas will be granted to people in the middle class as well. This revision is expected to increase the number of Chinese households that are eligible for Japanese tourist visas by about 10 times to approximately 16 million. Recognizing the opportunities created by the new visa system, the Shinoken Group has formed business alliances with two Chinese travel agencies.

(2) Description

Under the alliances, the two travel agencies will arrange tours to Japan for Chinese investors who are interested in Japanese real estate. Tours will include a number of events. Examples include a real estate seminar held by the Shinoken Group, a marketing course with field trips to properties, and simulations of how an investment property is managed. Overall, the tours will be structured to give Chinese investors a full understanding of Japanese real estate investments during a single trip.

One of the main features of these partnerships is the payment of a fee to the affiliated travel agency when a Chinese investor participating in a tour signs a contract. As a result, the alliance is beneficial to the Shinoken Group by increasing sales and broadening its customer base as well as to the travel agencies. The Shinoken Group believes this is the first business alliance of this type by a real estate company in Japan.

The Shinoken Group has signed business alliance contracts with two of Shanghai's leading travel agencies: SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE Co.,LTD. and SHANGHAI YANGZI INTERNATIONAL TRAVEL SERVICE Co.,LTD. The first alliance tour by SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE will take place in October 2010 for investors who want to see real estate in Japan. This alliance partner plans to conduct similar real estate tours to Tokyo every month.

2. Future development

In addition to these business alliance contracts with SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE and SHANGHAI YANGZI INTERNATIONAL TRAVEL SERVICE, the

Shinoken Group plans to establish alliances with travel agencies in Beijing, Guangzhou and other major cities in China. The goal is to increase the number of these alliances to about 10. The group expects these alliance tours to generate sales of more than 500 million yen in the current fiscal year. The group plans to increase the staff of its Shanghai subsidiary and the number of employees in Japan who serve Chinese investors with the goal of developing these alliance tours into a core business in the future.

An announcement will be made promptly as required if this alliance tour business has any effect on the group's results of operations.

3. Profiles of alliance partners

(1) SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE Co.,LTD

[Corporate name] SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE Co.,LTD
[Capital] 20 million yuan
[President] CHAOLIN SONG
[No. of employees] About 500 employees
[Location] Suite712,1277West Beijing Road,Shanghai,China *60 locations in Shanghai
[Established] 1954
[Company outline] The Company was established in 1954 as the Shanghai branch of China International Travel Agency. Since then, it is one of the oldest travel agencies in China with 56 years of history. The Company took care of VIPs around the world such as at an APEC conference. The Company has been selected Top 100 International Travel Agencies, Top 100 Enterprises in Shanghai Modern Service Industry and won many other prizes. International travel service covers wide areas including Europe, the US, the Middle East, Africa, Asia and Japan. Japan travel-related division consists of about 100 staffs. The number of customers who visit Japan using the Company is about 20,000 people every year and it is one of the Japanese individual travel agencies designated by the Japanese Consulate.
[Website] <http://www.scits.com/>

(2) SHANGHAI YANGZI INTERNATIONAL TRAVEL SERVICE Co.,LTD.

[Corporate name] SHANGHAI CHINA INTERNATIONAL TRAVEL SERVICE Co.,LTD
[Capital] 5 million yuan
[President] SUHUA CHENG
[No. of employees] About 120 employees
[Location] Suite2601,600Lu Ban Road,Shanghai,China *20 locations in Shanghai
[Established] 1984
[Company outline] The Company's core businesses are planning of international tours, domestic tours, business tours in Japan and overseas and reservations for airline tickets and hotels. International tour mainly covers Japan, Korea, Thailand, Singapore and Malaysia. Japan travel-related division consists of about 10 staffs. The number of customers who visit Japan using the Company is about 10,000 people every year and it is one of the Japanese individual travel agencies designated by the Japanese Consulate.
[Website] <http://www.51766.com/img/shyzgl/>

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