

## Announcement of Establishment of a Consolidated Second-Tier Subsidiary in China

Avex Group Holding Inc. is pleased to announce that its wholly owned overseas subsidiary Avex International Holdings Ltd. (hereinafter "AIH") will establish a wholly owned subsidiary (a second-tier subsidiary of Avex Group Holdings), namely Avex Shanghai Co., Ltd. (hereinafter "ASH"), in Shanghai. Details are as follows:

### 1. Reason of the establishment of ASH

In the entertainment industry, the situation surrounding the music package market and the online distribution market remains highly challenging. In contrast, demand for live entertainment, where users can share the live experience, remains strong, and the concert market is booming.

In these circumstances, Avex Group Holdings will establish a new second-tier subsidiary in Shanghai, widely considered the center of the live entertainment business in East Asia, as part of its growth strategy in the Chinese market.

### 2. Schedule of the establishment of ASH

February 1, 2012	To be established
April 2, 2012	The business to start

### 3. Outline of the new company (ASH) (plan)

(1) Business name	Avex Shanghai Co., Ltd.
(2) Home office address	Room 1802, Waitan Center, 222 Yan'an East Road, Huangpu District, Shanghai, China
(3) Representative	Kenji Kitatani, President
(4) Capital	3 million yuan (approx. 36 million yen)
(5) Shareholding	AIH 100.0%
(6) Major businesses	1. Planning, producing, and operating events and live performances 2. Managing artists and entertainers
(7) Fiscal year end	December
(8) Number of employees	3

### 4. Outlook

The effect of the establishment of the second-tier subsidiary on the consolidated results for the fiscal year ending March 2012 is expected to be minor.