

July 5, 2013

Press Release

Company Name: KADOKAWA CORPORATION
Representative: Tatsuo Sato, Representative Director and President
(Code Number 9477, First Section of Tokyo Stock Exchange)
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Notice of Change of Consolidated Subsidiaries (Lower-Tier Subsidiaries) (Share Transfer) and Report of Extraordinary Gains

KADOKAWA CORPORATION (the "Corporation") hereby announces that it resolved at the extraordinary meeting of the Board of Directors held today that (1) Kadokawa Intercontinental Group Holdings Limited, a consolidated subsidiary of a subsidiary of the Corporation (with its head office in the Cayman Islands; "KIGH"), would transfer all its shares of Intercontinental Development and Services Limited, a consolidated subsidiary of KIGH, a consolidated subsidiary of a subsidiary of the Corporation (with its head office in Hong Kong; "IDSL"), which constitute all the issued shares of IDSL, to Lai Sun Development Company Limited, and (2) Kadokawa Holdings Asia Limited, a wholly owned consolidated subsidiary of the Corporation (with its head office in Hong Kong; "KHA"), would transfer all its shares of KIGH, a consolidated subsidiary of KHA, which constitute 70% of the issued shares of KIGH, to eSun Holdings Limited (collectively the "Share Transfer"), as follows.

Details:

1. Reasons for the Share Transfer

KIGH operates the cinema complex business, movie distribution business, etc. in Hong Kong and Guangdong province, China. It has grown into a superior enterprise in Hong Kong, substantially expanding its businesses and enhancing its earning power after its acquisition by the Corporation in 2005. Overseas business expansion will remain of significant importance in the future management strategy of KADOKAWA. The core business under the strategy will be the content business, which will be expanded in numerous fields, focusing on the Internet and digital business. In light of these circumstances, the Share Transfer is resolved as described above.

2. Method of the Share Transfer

The Share Transfer will be implemented in consideration of money under a share transfer agreement.

3. Summary of KHA, a consolidated subsidiary

(1)	T r a d e n a m e	Kadokawa Holdings Asia Limited
(2)	A d d r e s s	Unit 1, 20/F., Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
(3)	R e p r e s e n t a t i v e	Susumu Tsukamoto, Representative Director and President
(4)	B u s i n e s s d e s c r i p t i o n	Management of the media and content business in Asia, etc.
(5)	C a p i t a l	206 million Hong Kong dollars

4. Summary of the consolidated subsidiaries transferred

(I) Summary of IDSL

(1)	T r a d e n a m e	Intercontinental Development and Services Limited		
(2)	A d d r e s s	Unit 1, 27/F., Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong		
(3)	B u s i n e s s d e s c r i p t i o n	Management of its group companies, management of real estate, etc.		
(4)	C a p i t a l	300,000 Hong Kong dollars		
(5)	D a t e o f f o u n d a t i o n	June 1973		
(6)	L a r g e s h a r e h o l d e r s a n d e q u i t y o w n e r s h i p	KIGH 100%		
(7)	R e l a t i o n s h i p b e t w e e n t h e l i s t e d c o m p a n y a n d t h e c o m p a n y (I D S L)	C a p i t a l r e l a t i o n s h i p	KIGH, a consolidated subsidiary of a subsidiary of the Corporation, holds all the shares of IDSL.	
		P e r s o n n e l r e l a t i o n s h i p	Three (3) directors of the Corporation concurrently serve as directors of IDSL.	
		B u s i n e s s r e l a t i o n s h i p	There are no relevant matters.	
		R e l e v a n t s t a t e o f t h e r e l a t e d p a r t i e s	IDSL is a consolidated subsidiary of a subsidiary of a subsidiary of the Corporation.	
(8)	Operating results and financial position for the last three (3) years of IDSL			
	Fiscal year end	Fiscal year ended December 2010	Fiscal year ended December 2011	Fiscal year ended December 2012
	N e t a s s e t s	9 million yen	26 million yen	46 million yen
	T o t a l a s s e t s	711 million yen	579 million yen	610 million yen
	N e t a s s e t s p e r s h a r e	307.93 yen	894.48 yen	1,543.61 yen
	N e t s a l e s	262 million yen	258 million yen	258 million yen
	O p e r a t i n g i n c o m e	25 million yen	20 million yen	23 million yen
	O r d i n a r y i n c o m e	3 million yen	6 million yen	20 million yen

N e t i n c o m e	1 million yen	4 million yen	16 million yen
Net income per share	45.80 yen	133.67 yen	544.48 yen
Dividend per share	— yen	— yen	— yen

(II) Summary of KIGH

(1) Trade name	Kadokawa Intercontinental Group Holdings Limited		
(2) Address	Unit 1, 27/F., Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong		
(3) Business description	Cinema complex business, movie distribution business, etc. in Hong Kong		
(4) Capital	50,000 U.S. dollars		
(5) Date of foundation	November 1996		
(6) Large shareholders and equity ownership	Kadokawa Holdings Asia Limited (KHA) 70% Lai's Holdings Limited 30%		
(7) Relationship between the listed company and the company (IDSL)	Capital relationship	KHA, a wholly owned consolidated subsidiary of the Corporation, holds 35,000 shares of KIGH (equity ownership: 70%).	
	Personnel relationship	Five (5) directors of the Corporation concurrently serve as directors of IDSL.	
	Business relationship	There are no relevant matters.	
	Relevant state of the related parties	KIGH is a consolidated subsidiary of a subsidiary of the Corporation.	
(8) Consolidated operating results and consolidated financial position for the last three (3) years of KIGH (Note)			
Fiscal year end	Fiscal year ended December 2010	Fiscal year ended December 2011	Fiscal year ended December 2012
N e t a s s e t s	1,399 million yen	1,546 million yen	1,940 million yen
T o t a l a s s e t s	3,003 million yen	2,920 million yen	3,297 million yen
Net assets per share	27,990.80 yen	30,920.51 yen	38,807.09 yen
N e t s a l e s	5,874 million yen	5,897 million yen	6,818 million yen
Operating income	261 million yen	307 million yen	316 million yen
Ordinary income	261 million yen	306 million yen	355 million yen
N e t i n c o m e	215 million yen	257 million yen	310 million yen
Net income per share	4,316.73 yen	5,153.12 yen	6,218.85 yen

Dividend per share	1,214.88 yen	1,961.43 yen	– yen
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(Note) The operating results and financial position of IDSL are consolidated into those of KIGH.

5. Summary of transferee of shares (as of January 31, 2013)

(I) Summary of Lai Sun Development Company Limited (transferee of the shares of IDSL)

(1)	T r a d e n a m e	Lai Sun Development Company Limited	
(2)	A d d r e s s	11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong	
(3)	R e p r e s e n t a t i v e	Lam Kin Ngok, Peter, Chairman	
(4)	B u s i n e s s d e s c r i p t i o n	Company undertaking the investment and management of real estate and hotels	
(5)	C a p i t a l	200.6 million Hong Kong dollars	
(6)	D a t e o f f o u n d a t i o n	June 1959	
(7)	N e t a s s e t s	18,496 million Hong Kong dollars	
(8)	T o t a l a s s e t s	25,884 million Hong Kong dollars	
(9)	L a r g e s h a r e h o l d e r s a n d e q u i t y o w n e r s h i p	Lai Sun Garment (International) Limited 49.97%	
(10)	R e l a t i o n s h i p b e t w e e n t h e l i s t e d c o m p a n y a n d t h e c o m p a n y (I D S L)	C a p i t a l r e l a t i o n s h i p	There are no relevant matters.
		P e r s o n n e l r e l a t i o n s h i p	There are no relevant matters.
		B u s i n e s s r e l a t i o n s h i p	There are no relevant matters.
		R e l e v a n t s t a t e o f t h e r e l a t e d p a r t i e s	There are no relevant matters.

(II) Summary of eSun Holdings Limited (transferee of the shares of KIGH)

(1)	T r a d e n a m e	eSun Holdings Limited
(2)	A d d r e s s	11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong
(3)	R e p r e s e n t a t i v e	Lui Siu Tsuen, Richard (CEO and Executive Director)
(4)	B u s i n e s s d e s c r i p t i o n	Media and entertainment related business, real estate development and investment business, etc.
(5)	C a p i t a l	621.6 million Hong Kong dollars
(6)	D a t e o f f o u n d a t i o n	October 1996

(7)	N e t a s s e t s	8,213 million Hong Kong dollars	
(8)	T o t a l a s s e t s	23,967 million Hong Kong dollars	
(9)	Large shareholders and equity ownership	Lai Sun Development Company Limited 39.93%	
(10)	Relationship between the listed company and the company (IDSL)	C a p i t a l relationship	There are no relevant matters.
		P e r s o n n e l relationship	There are no relevant matters.
		B u s i n e s s relationship	There are no relevant matters.
		Relevant state of the related parties	There are no relevant matters.

6. Number of shares transferred, transfer price and shareholding before and after transfer

(I) Transfer of the shares of IDSL to Lai Sun Development Company Limited

(1)	N u m b e r o f s h a r e s h e l d b e f o r e t r a n s f e r	30,000 shares (equity ownership: 100%)
(2)	N u m b e r o f s h a r e s t r a n s f e r r e d	30,000 shares
(3)	T r a n s f e r p r i c e	130 million Hong Kong dollars
(4)	N u m b e r o f s h a r e s h e l d a f t e r t r a n s f e r	0 shares (equity ownership: 0%)

(II) Transfer of the shares of KIGH to eSun Holdings Limited

(1)	N u m b e r o f s h a r e s h e l d b e f o r e t r a n s f e r	35,000 shares (equity ownership: 70%)
(2)	N u m b e r o f s h a r e s t r a n s f e r r e d	35,000 shares
(3)	T r a n s f e r p r i c e	175 million Hong Kong dollars
(4)	N u m b e r o f s h a r e s h e l d a f t e r t r a n s f e r	0 shares (equity ownership: 0%)

7. Schedule

Resolution at the extraordinary meeting of the Board of Directors: July 5, 2013

Execution of the share transfer agreement: July 5, 2013

Date of share transfer: mid-August 2013 (scheduled)

(Note) The entire Share Transfer will be executed on the same day.

8. Report of extraordinary gains and future outlook

Upon the Share Transfer, extraordinary gains of approximately 2.6 billion yen will be recorded for the consolidated second quarter of the fiscal year ending March 2014. The above amount is an estimate as of this day. In addition, KIGH and IDSL will be excluded from the consolidation criteria of the Corporation upon the Share Transfer.

It should be noted that the consolidated results forecasts for the fiscal year ending March 2014 are not announced, as they cannot be determined in a reasonable manner.

End of notice.