



July 22, 2016

Company name	Hearts United Group Co., Ltd.
Name of representative	President and CEO Eiichi Miyazawa (Code number: 3676, First Section of the Tokyo Stock Exchange)
Contact	Director and CFO Keiya Kazama (TEL. +81-3-6406-0081)

Notice Regarding Establishment of a Subsidiary in China (Shanghai)

Hearts United Group Co., Ltd. would like to announce that a resolution was passed at the Board of Directors' meeting on July 22, 2016 to establish a subsidiary in Shanghai in China.

1. Purpose of establishing a subsidiary

The main business of the Hearts United Group is debugging, which involves detecting faults and defects in entertainment software, such as console games and mobile games. The Group has supported the development of high quality products for our client companies by providing its own debugging service in Japan and abroad.

Due to eased government regulations from January 2014, the ban on the manufacture and sale of console games has been lifted in China, leading to a comprehensive start in the development of console games within China. While the mobile game business has been thriving in the Chinese game market, growth in the console game market is also anticipated. The Chinese game market surpassed 22 billion USD (approximately two trillion yen) in 2015, and is expected to become the largest game market in the world, exceeding the size of the US market. (*)

Our group decided to enter the Chinese game market in May 2016, and has been developing its debugging business in China, with the aim of establishing quality standards and a business structure in the local game market. The Group carried out investigations in China over a two-year span, and managed to confirm that outsourcing demand for debugging is emerging for game manufacturers in China, a reflection of its importance in game development.

As such, the Group will establish a full scale debugging business structure in China with the aim of stepping up sales activities and strengthening its sales structure. It plans to establish a subsidiary in Shanghai, China.

(*) 2015 Global Games Market Report by the market research and predictive analytics firm, Newzoo

2. Overview of the subsidiary to be established

(1) Company name	DIGITAL Hearts (Shanghai) Co., Ltd.
(2) Name of representative	Teppei Komiya
(3) Location	Huangpu, Shanghai
(4) Business activities	Comprehensive Debugging Services, etc.
(5) Date established	Late July, 2016 (Plan)
(6) Commencement date of business	Late July, 2016 (Plan)
(7) Share capital	100 million yen
(8) Investment ratio	Hearts United Group Co., Ltd. 100%

3. Future prospects

It is expected that the establishment of this subsidiary will not have a material impact on the consolidated financial results for this year. A separate announcement will be made should there be any important impact on the financial results in the future.