

June 18, 2007

Company Name: GungHo Online Entertainment, Inc.
President & CEO: Kazuki Morishita
(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)
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To Whom It May Concern

Notification concerning the sale of investments in securities

At the Board of Directors Meeting convened today, it was decided that GungHo Online Entertainment, Inc., will divest itself of part of the investments in securities held by the company. The details of the sale are hereby notified as detailed hereunder.

1. Reason for sale of investments in securities

In order to realize efficient utilization of assets held.

2. Content of sale of investments in securities

(1) Name: Digital Adventure, Inc. (traded on Hercules Market of OSE)

(2) Profit on sale: 762 million yen

3. Impact on business results

As a result of this sale, income amounting to 762 million yen from the sale of investments in securities will be recorded as extraordinary profit.

4. Others

The current sale of investments in securities is being implemented to realize the efficient utilization of assets held by the company. The company is considering continuing its collaboration with Digital Adventure Inc., and there are no plans to change the current relationship between the two companies other than the capital transfer through the current sale.