

April 1, 2008

Company Name: GungHo Online Entertainment, Inc.
President & CEO: Kazuki Morishita
(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)
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Notification of New Issues for Allocation to a Third Party, Transfer of Major Shareholders, and Subsidiary Transfers

At a board of directors meeting held on February 14, 2008, it was determined that our company would allocate shares to the third party Heartis Inc., and that we would issue new shares (hereinafter referred to as “new issues”) of ordinary shares of Glavity Co., Ltd. of South Korea, as in-kind investment. As of today, we have completed the process of dispensing tangible assets.

At the same time, we would like to announce that Heartis Inc. has become our company’s major shareholder, and Glavity Co., Ltd. has become our specialized subsidiary.