

August 18, 2008

Company Name	GungHo Online Entertainment, Inc.
President & CEO	Kazuki Morishita
(Code No.: 3765; Listed on Osaka Stock Exchange Hercules Market)	
Inquiry	Norio Ishimi, General Manager, IR/Corporate Communication Office
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## Sale of Investment Securities

The Board of Directors of the company decided at today's meeting that the company will sell a part of its investment securities holdings as follows:

1. Reason for Sale: To achieve effective management of company assets.

2. Details of Sale

(1) Issuer of the securities: G-mode Co., Ltd. (Listed on the JASDAQ Securities Exchange, Inc.)

(2) Purchaser: Aeria Inc.

(3) Book value of the securities: ¥693 million (as of June 30, 2008)

(4) Proceeds of sale: ¥570 million

3. Effect of Sale on First-half Performance Result

In the financial statements for the first half of the financial year ending December, 2008, reported today, the company posted ¥731 million as valuation loss on investment securities (common shares) in G-mode Co., Ltd. ("G-mode") in both its consolidated and non-consolidated financial statements. In the financial statements for the third quarter and the full fiscal year ending December, 2008, this valuation loss will be added to the ¥122 million in loss in sales, which is the difference of the ¥693 million book value of the securities as of June 30, 2008 minus the sales proceeds in the above deal, and will be accounted for as loss on sale of investment securities.

4. Business Relations with G-mode

On completion of the sale of securities reported above, the company will have sold off its entire holding of G-mode shares. Nevertheless, the company intends to maintain a good business relationship with G-mode. This attitude is in line with the fact that even after the termination of business and capital tie-up of the two companies in December 2007, our company is offering services to G-mode in providing killer titles.

Convinced of the growth potential of the demand for our services from next-generation mobile games, we are determined to continue creating new services for such products. In this respect, we believe it advantageous to continue to collaborate with G-mode, which has an excellent performance record in the mobile-game industry.