

August 21, 2014

To whom it may concern

Company name GungHo Online Entertainment, Inc.
Representative Kazuki Morishita, Representative Director
& President, CEO
(Securities Code: 3765)
Contact person Kazuya Sakai, Director & CFO, Executive
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Notice on transfer of shares resulting in transfer of a special subsidiary company and on
posting of extraordinary income

The Company hereby announces that at the meeting of its Board of Directors held on August 21, 2014, the Company resolved to conclude a share transfer agreement with SoftBank Corp. (hereinafter, "SoftBank") concerning the transfer of all shares of GGF B.V., which is a special subsidiary company, to SoftBank. With the transfer of shares of the said special subsidiary company, Kahon 3 Oy, which owns 51% of Supercell Oy, will cease to be a company accounted for by the equity method and extraordinary income is planned to be posted as a result of the share transfer, as follows.

1. Reason for the transfer

As announced in "Acquisition of shares of Supercell by GungHo and SoftBank," dated October 15, 2013, to aim for further growth by leveraging its partnership with SoftBank, the Company invested in Supercell Oy (hereinafter, "Supercell"), a mobile game company headquartered in Finland and has aimed to further enhance its global development through powerful overseas marketing of Supercell, which operates business in 100 or more countries around the world, and the position of the company in each country.

As a result, the Company received promotional support in the European and American markets in the form of in-game customer transfers which not only contributed to increased downloads of the Company's game but also helped elevate awareness of "Puzzle & Dragons" and the Company in those markets.

In order to realize further growth strategy, this matter will be carried out with the purposes of the Company strengthening the financial base and making selective and focused investments towards emerging markets (such as China, Southeast Asia, South America). Additionally, as a SoftBank group company, the Company's position to support the growth of both companies will remain unchanged and appropriate exchange of information will take place even after the transfer is complete. Also, GungHo and Supercell Oy will continue their partnership which so far has included for example cross promotion of their games and sharing market insights.

GGF B.V., which will be transferred as a result of the share transfer, is a special subsidiary company established in the Netherlands in October 2013, aimed at the acquisition of shares of

Supercell. Kahon 3 Oy, a special purpose company, set up in Finland jointly with SoftBank through the said special subsidiary company, acquired 51% shares of Supercell.

2. Outline of the subsidiary to be transferred

(1)	Name	GGF B.V.	
(2)	Location	Province Noord-Holland, the Netherlands	
(3)	Names and titles of representatives	Director Kazuya Sakai Director Toshio Genba Director de Sonnaville, Bart Willem Director van Ginkel, Jacobus Johannes	
(4)	Business	Pure holding company	
(5)	Capital	1 euro (Approximately 132 Japanese yen)	
(6)	Date of establishment	October 21, 2013	
(7)	Major shareholder and ownership ratio	The Company: 100%	
(8)	Relationship between the listed company and the said company	Capital relationship	The Company holds 100% of the voting rights of the said company.
		Personnel relationship	One officer and one employee of the Company concurrently serve as officers of the said company.
		Business relationship	There is no business relationship to be stated between the persons concerned with and affiliated companies of the Company and the said company, while there is no business relationship worthy of special mention between the persons concerned with and affiliated companies of the Company and the said company.
(9)	Consolidated operating results and consolidated financial position of the said company in the last three years (1 euro = 138.42 Japanese yen)		
	Accounting period	Period ended June 2014	
	Total equity	227,121 thousand euro (31,438 million yen)	
	Total assets	227,141 thousand euro (31,440 million yen)	
	Net assets per share	227,121 thousand euro (31,438 million yen)	
	Net sales	0 euro (-million yen)	
	Operating income	△ 35 thousand euro (△ 4 million yen)	
	Ordinary income	△ 36 thousand euro (△ 4 million yen)	
	Net income	△ 36 thousand euro (△ 4 million yen)	
	Net income per share	△ 36 thousand euro (△ 4 million yen)	
	Dividend per share	0 euro (-yen)	

*GGF.B.V. was established on October 21, 2013. Thus, the accounting information only shows one period..

3. Outline of the purchaser of shares

(1)	Name	SoftBank Corp.	
(2)	Location	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo	
(3)	Name and title of representative	Masayoshi Son, Chairman & CEO	
(4)	Business	Pure holding company	
(5)	Capital	238,772 million yen	
(6)	Total equity	2,830,382 million yen	
(7)	Total assets	16,690,127 million yen	
(8)	Date of establishment	September 3, 1981	
(9)	Major shareholders and ownership ratios	Masayoshi Son: 19.26% The Master Trust Bank of Japan, Ltd. (Trust account): 4.88% Japan Trustee Services Bank, Ltd. (Trust account): 4.02%	
(10)	Relationship between the listed company and the said company	Capital relationship	SoftBank, which possesses all voting rights of Softbank Mobile Corp., and Masayoshi Son (Chairman & CEO of the company), who has close relations with the company, own 6,739,200 voting rights (voting right ownership rate: approximately 59%) pertaining to 673,920,000 shares of the Company.
		Personnel relationship	Norikazu Oba, Deputy General Manager of the Finance Department and group manager of Finance Management of SoftBank, concurrently serves as a director of the Company.
		Business relationship	There is no business relationship worthy of special mention.

4. Number of shares transferred, transfer valuation and equity securities before and after transfer

(1) Equity securities before transfer	1 share	Ownership	100%
(2) Transfer valuation	1 share	GGF.B.V. share	35,725 million yen
		Advisory fee etc. (estimate)	△6 million yen
		Total (estimate)	35,719 million yen
(3) Equity securities after transfer	0 shares	Ownership	0%
(4) Computation basis for transfer valuation	To ensure fairness in deciding the share transfer price, the Company requested Prutus Consulting, an independent third-party entity, to compute the share transfer price. As of August 20, 2014, the Company has obtained the share price valuation report. In the share price valuation report, the share value was computed as follows: GGF B.V., the special subsidiary company, is the direct subject company of the valuation. The computation of the share value of said company is based on Kahon 3 Oy, of which the said company has a 19.97% investment and Supercell Oy, of which Kahon 3 Oy has a 51% investment. Thus, these companies are included as indirect subject companies of the valuation and appropriate		

	valuation methods were carried out respectively. The share transfer price is decided using the valuation of 29,596 million yen ~ 40,337 million yen as a reference as well as taking an overall consideration of GGF B.V.'s situation and purposes of this matter.
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6 . Schedule of share transfer

August 21, 2014: Resolution by the Board of Directors

August 25, 2014: Conclusion of share transfer agreement, transfer of shares

7 . Posting of extraordinary income and future outlook

As a result of the said transfer, extraordinary income of 7,591 million yen is projected, at this stage, to be posted as gain on sales of shares of subsidiaries and associates in the consolidated settlement of accounts for the fiscal year ending December 31, 2014.

8 . Matters related to transactions, etc. with controlling shareholders

Softbank is the Company's parent company and this transaction falls under transactions, etc. with controlling shareholders.

The Company determines as set forth below, as stated in "4. Guideline for measures to protect minority shareholders when transactions, etc. with controlling shareholders are conducted" of the Company's "Corporate Governance Report" disclosed as of March 31, 2014.

When dealing with a transaction with the parent company, to protect the rights of the minority shareholders, the advisability and conditions etc. are fully discussed and negotiated before a decision is made by the Board of Directors. The Company will take the appropriate steps to not let the minority shareholders in an unfavorable position.

As a measure to secure fairness and appropriateness of this transaction and a specific measure to avoid conflict of interests with the controlling shareholder, as well as to ensure fairness in deciding the price, the Company requested Brutus Consulting, an independent third-party entity, to compute the share transfer price. As of August 20, 2014, the Company has obtained the share price valuation report. As of the same day, in addition to the share price valuation report, The Company have also obtained a opinion letter ("fairness opinion") from Brutus Consulting, that based on a set of pre-conditions the agreed upon price is appropriate for The Company's minority shareholders from a financial perspective.

Further, regarding this transfer, to avoid any conflict of interests, Director Norikazu Oba, who concurrently holds the position of assistant to the Manager of the Finance Department and group manager of Finance Management of SoftBank, did not take part in the discussions and final decision of the transfer, nor did he take part in the discussions and negotiations from the position of The Company. Additionally, corporate auditors who attended the Board of Directors meeting and hold no interest in this transaction stated their opinions that they had no objections to the approval of the proposal regarding this transaction.

Further, at the meeting of its Board of Directors held on August 21 2014, The Company have obtained opinions from The Company's outside corporate auditors and independent officers Yoichiro Ando, Hiroto Uehara and Toshiro Kaba, as follows: 1) This transaction was carried out according to the formalities set internally, 2) The conditions of this transaction are appropriate and does not deviate when compared to other standard transactions, and 3) This transaction contributes to growth of The Company's corporate value and therefore is not unfavorable to the Company's

minority shareholders.

Therefore, the Company understands that this share transfer does not fall under transactions against the interests of minority shareholders of the Company and that it conforms to the details of the “Guideline for measures to protect minority shareholders when transactions, etc. with controlling shareholders are conducted.”

(Reference) Consolidated forecast for FY2014 (January 1, 2014 through December 31, 2014

(Amounts are rounded off to the nearest million yen)

	Net Sales	Operating Income	Ordinary income	Net income	Net income per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
FY2014 (Forecast)	—	—	—	—	—
FY2013	163,060	91,228	90,104	54,768	47.56

※The GungHo Group engages in the content business that is highly novel in nature and is subject to facing sudden, short-term changes in the operating environment. Since this makes it difficult to calculate proper and rational earnings forecasts, the Company adopts the policy of providing timely disclosure of financial results and summary of operations on a quarterly basis while refraining from disclosing its full-year consolidated earnings forecast.

※The Company conducted a 100-for-1 stock split of its common shares effective January 1, 2014. In regard to the fiscal year ended December 31, 2013, dividends prior to the stock split are indicated.