

June 21, 2016

To Whom it May Concern

Company name GungHo Online Entertainment, Inc.
Representative Kazuki Morishita, Representative Director & President, CEO
(Securities code : 3765 Tokyo Stock Exchange 1st section)
Contact person Kazuya Sakai, Director & CFO, Executive General Manager
of Finance Accounting Division
(TEL : 03-6895-1650)

Notice Regarding Resolved Cancellation Policy of Treasury Shares

The Company resolved at its Board of Directors meeting held on June 21, 2016 to cancel, as follows, the treasury shares it planned to acquire through the Tender Offer for treasury shares that was outlined in the Notice Regarding Acquisition of Treasury Shares and Tender Offer of Treasury Shares released today (hereinafter the "Tender Offer").

The Company recognizes that returning profits to shareholders is one of its significant management objectives and operates on the basic policy of returning profits to shareholders in line with the operating results while securing the internal reserves necessary for enhancing corporate value and maximizing competitiveness going forward as well as for reinforcing the management structure. Based on this policy, the Company has subsequently continued to consider measures for returning profits to shareholders, including the option of acquiring treasury shares.

As for treasury shares to be acquired through the Tender Offer, the Board of Directors resolved to cancelation policy of them in a number equivalent to approximately 10% of total number of shares outstanding promptly after the planned share acquisition. The purpose is to improve capital efficiency and clarify the return to shareholders.

The above-mentioned cancellation of treasury shares is planned to be carried out on or after August 16, the settlement date for the Tender Offer.

Reference

(1)	Total number of shares outstanding	1,057,892,400	(as of June 21, 2016)
(2)	Current number of treasury shares	98,417,678	(as of June 21, 2016)
(3)	Number of shares to be acquired through the Tender Offer (planned)	248,300,000	(23.47% of total number of shares outstanding as of June 21, 2016)
(4)	Number of shares to be retired (planned)	105,789,240	(10.00% of total number of shares outstanding as of June 21, 2016)
(5)	Post-retirement number of treasury shares (planned)	240,928,438	(25.30% of post-retirement total number of shares outstanding)