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**NetDragon Websoft Inc.**

**網龍網絡有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 777)**

## **FURTHER ANNOUNCEMENT**

### **ISSUE OF PREFERRED SHARES BY A SUBSIDIARY**

Reference is made to an announcement of the Company dated 9 December 2011 (the “**Announcement**”) in relation to the issue of the Series B Preferred Shares under the Series B Agreement. Unless defined otherwise, capitalized terms used herein shall have the same meanings ascribed to them in the Announcement.

The Board is pleased to announce that all the conditions relating to the completion of the transactions with Vertex Asia Growth Ltd and IP Cathay II, L.P. under the Series B Agreement have been fulfilled and, on 15 December 2011 (i.e. 14 December 2011 (Cayman Islands time)), 91 Limited has issued 8,012,500 Series B Preferred Shares to Vertex Asia Growth Ltd and 4,006,250 Series B Preferred Shares to IP Cathay II, L.P..

The Series B Investors and 91 Limited further agree that the issuance of Series B Preferred Shares to DT Capital China Growth Fund, L.P. (“**DT Capital**”) shall take place on or about 29 December 2011, subject to the conditions thereof to be fulfilled. The Company will issue an announcement upon the Series B Preferred Shares have been issued by 91 Limited to DT Capital as contemplated by and in accordance with the Series B Agreement.

Subject to adjustment and review by auditors, it is estimated that the total net asset value of 91 Limited and 91 Group Companies was approximately RMB24.1 million (equivalent to approximately HK\$29.6 million) as at 31 October 2011, and the net profits before and after taxation attributable to 91 Limited and 91 Group Companies for the ten months ended 31 October 2011 were approximately RMB4.9 million and RMB2.1 million, respectively (equivalent to approximately HK\$6.0 million and HK\$2.6 million, respectively).

By order of the Board  
**NetDragon Websoft Inc.**  
**Liu Dejian**  
*Chairman*

Hong Kong, 15 December 2011

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Liu Dejian, Mr. Liu Luyuan, Mr. Zheng Hui and Mr. Chen Hongzhan; one non-executive Director, namely Mr. Lin Dongliang; and three independent non-executive Directors, namely Mr. Chao Guowei, Charles, Mr. Lee Kwan Hung and Mr. Liu Sai Keung, Thomas.*