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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)**

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF THE SERIES B PREFERRED SHARES IN  
91 LIMITED BY NETDRAGON(BVI)**

**(2) DETERMINATION OF THE NOTE CONVERSION PRICE**

**(1) SUBSCRIPTION**

On 10 February 2012, NetDragon(BVI), a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement with 91 Limited, an indirect subsidiary of the Company, pursuant to which NetDragon(BVI) shall subscribe for, and 91 Limited shall issue and allot, 2,403,750 Series B Preferred Shares for a total consideration of US\$3,000,000.

As the IDG Investors are members of the IDG Group which is a substantial shareholder of the Company and are entitled to exercise 10% or more of voting power at a general meeting of 91 Limited, 91 Limited is a connected person of the Company under Rule 14A.11(5) of the Listing Rules. Accordingly, the Subscription Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription Agreement are less than 5%, the Subscription Transaction falls within the ambit of Rule 14A.32 of the Listing Rules and are subject to the reporting and announcement requirements and exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Transaction also constitutes a transaction pursuant to Rule 14.04(1)(a) of the Listing Rules and the applicable percentage ratios (as defined in the Listing Rules) in respect thereof, when aggregated with the Series A

Transaction, the Note Issuance Transaction and the Series B Transaction pursuant to Rule 14.22 of the Listing Rules, are more than 5% but less than 25%. Accordingly, the Subscription Transaction, when aggregated with the Series A Transaction, the Note Issuance Transaction and the Series B Transaction, also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **(2) DETERMINATION OF THE NOTE CONVERSION PRICE**

On 10 February 2012, 91 Limited and the IDG Investors have agreed, pursuant to the terms and conditions of the Notes, on the Note Conversion Price. Based on the Note Conversion Price and the terms and conditions of the Notes, 91 Limited will issue 4,006,250 Series B Preferred Shares to the IDG Investors, and the Notes will thereafter be cancelled and cease to have any effect whatsoever. The Note Conversion is scheduled to take place on 17 February 2012.

Upon completion of the Subscription and the Note Conversion, NetDragon(BVI) will hold 71,151,000 Ordinary Shares and 2,403,750 Series B Preferred Shares, representing, in aggregate, 62.03% of the entire issued share capital of 91 Limited (as enlarged by the Subscription and the Note Conversion) and the IDG Investors will hold 15,382,000 Series A Preferred Shares and 4,006,250 Series B Preferred Shares, representing, in aggregate, 16.34% of the entire issued share capital of 91 Limited (as enlarged by the Subscription and the Note Conversion).

## **(1) SUBSCRIPTION**

### **Introduction**

On 10 February 2012, NetDragon(BVI), a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement with 91 Limited, pursuant to which NetDragon BVI shall subscribe for, and 91 Limited shall issue and allot, 2,403,750 Series B Preferred Shares for a total consideration of US\$3,000,000.

### **The Subscription Agreement**

Date: 10 February 2012

Parties: (a) NetDragon(BVI), as the subscriber of the Subscription Shares

(b) 91 Limited, as the issuer of the Series B Preferred Shares and a connected person of the Company

Capital structure: Immediately prior to the signing of the Subscription Agreement, the authorised share capital of 91 Limited comprised (i) 80,766,000 Ordinary Shares, 71,151,000 of which have been issued to NetDragon(BVI) and 9,615,000 of which have been held by BOCOM Trustee; (ii) 15,500,000 Series A Preferred Shares, 15,384,000 of which have been issued to the IDG Investors; and (iii) 20,500,000 Series B Preferred Shares, 16,025,000 of which have been issued to the Series B Investors. In addition, 91 Limited has issued the Notes in the Aggregate Principal Amount to the IDG Investors. Details of the Series A Transaction, the Note Issuance Transaction and the Series B Transactions are set forth in the announcements of the Company dated 30 May 2011 and 15 August 2011, 14 September 2011 and 21 September 2011, and 9 December 2011, 15 December 2011 and 30 December 2011 respectively.

Subscription: NetDragon(BVI) shall subscribe for, and 91 Limited shall issue, the 2,403,750 Series B Preferred Shares for a total consideration of US\$3,000,000 (approximately HK\$23.34 million).

The consideration of the subscription of the Series B Preferred Shares was determined in accordance with the issued price of per Series B Preferred Share purchased by the Series B Investors.

Settlement of the consideration: The total consideration of US\$3,000,000 (approximately HK\$23.34 million) will be settled by NetDragon(BVI) through wire transfer of immediately available fund to a bank account designated by 91 Limited or such other means of payment as NetDragon(BVI) and 91 Limited may agree.

Conditions precedent:

Completion is subject to the fulfillment of the following conditions, unless waived in writing by NetDragon(BVI) at Completion, except for conditions (b) and (c) below which may not be waived by any party:-

- (a) the special resolutions of the Company in relation to (i) the increase of the authorised share capital of the 91 Limited to US\$20,500.00 divided into 164,000,000 Ordinary Shares and 41,000,000 Preferred Shares, with such Preferred Shares to be designated as 15,500,000 Series A Preferred Shares and 25,500,000 Series B Preferred Shares, by the creation of an additional 5,000,000 Series B Preferred Shares; and (ii) any other matters incidental thereto having been passed and approved;
- (b) the approval of the shareholders of the Company, where required and applicable, pursuant to the Listing Rules, in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary consents, approvals, permits and authorizations, and filing and registration with, the Stock Exchange, the Securities and Futures Commission and/or other relevant government authorities and organisation in relation to the Subscription Agreement and the transactions contemplated hereunder having been obtained or made;
- (d) all necessary shareholder and corporate consents, approvals and authorizations in relation to this Subscription Agreement and the transactions contemplated hereunder having been obtained by NetDragon(BVI) and 91 Limited; and
- (e) the representations and warranties made by NetDragon(BVI) and 91 Limited shall be true and correct in all material aspects as of the Completion Date.

## **Principal terms of the Series B Preferred Shares**

Issue date:	the Completion Date
Issue Price:	US\$1.2480499 per Series B Preferred Share
Preferred dividends:	The Series B Preferred Shares rank in priority to receive non-accumulative dividends declared by 91 Limited in preference and priority to the Series A Preferred Shares, which rank in priority to receive non-accumulative dividends in preference and priority to any Ordinary Shares, in the capital of 91 Limited
Liquidation Preference:	In the event of any liquidation event, the holders of the Series B Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the proceeds or assets of 91 Limited to the holders of the Series A Preferred Shares, the Ordinary Shares or any of the class of shares of 91 Limited, an amount per share for each Series B Preferred Share held by them equal to the sum of the Series B Liquidation Preference and all declared but unpaid dividends (if any) on each such Series B Preferred Share
Conversion rights:	<p>The holders of the Series B Preferred Shares shall have the right to convert the Series B Preferred Shares in whole or in part of the outstanding amount into fully paid and non-assessable Ordinary Shares determined by the Conversion Rate, subject to the adjustment as a result of the followings:</p> <ul style="list-style-type: none"><li>(i) issue of additional Ordinary Shares in a manner as set out in the Second Amended Memorandum and Articles of Association without a consideration or with consideration per share less than the applicable Conversion Price of Series B Preferred Shares in effect on the date of and immediately prior to such issue;</li></ul>

- (ii) combination or sub-division of Preferred Shares;
- (iii) combination or sub-division of Ordinary Shares;  
and
- (iv) reclassification, exchange and substitution.

Preferred Shares shall automatically be converted into fully paid and non-assessable Ordinary Shares immediately upon (i) the Qualified IPO; or (ii) the receipt by 91 Limited of a written request for such conversion for the holders of a majority of Series A Preferred Shares then outstanding or the effective date for conversion specified in such request; or (iii) the receipt by 91 Limited of a written request for such conversion at any time from the holders of more than two-thirds of the Series B Preferred Shares then outstanding.

Redemption:

91 Limited will, following receipt at any time after the fourth anniversary of the original issue date of Series B Preferred Shares of a written request signed by holders of more than two-thirds of the Series B Preferred Shares then outstanding and subject to the Second Amended Memorandum and Articles of Association, redeem all outstanding Series B Preferred Shares at the Redemption Price

Voting:

Except as otherwise expressly provided in the Second Memorandum and Amended Articles of Association or as required by law, the holders of the Series B Preferred Shares shall have the right to receive notice of and to attend general meeting of 91 Limited and vote on all matters on which holders of Series A Preferred and Ordinary Shares shall be entitled to vote

## **Reasons and benefits for entering into the Subscription Agreement**

Currently, the Group is principally engaged in online game development and Mobile Internet Business, including game design, programming and graphics and online game operation.

The Group has established the teams of program development, art design and business operation since the commencement of the Mobile Internet Business in 2008. The Group has launched a series of applications of image management, wealth management, information management, entertainment and social networking services, to provide more abundant games and entertainment services for users.

The Group is optimistic about the rapidly expanding Mobile Internet Business. The Directors believe that enriching product portfolio of different series of products, including applications, contents and services, are favorable factors for the development of the Mobile Internet Business.

The executive Directors consider that it is now opportune for the Group to actively expand the Mobile Internet Business of 91 Limited and the 91 Group Companies. Although 91 Limited has conducted fund raising activities in the past twelve months, the provision of the additional capital will further strengthen the capital base of 91 Limited and the 91 Group Companies for developing new applications and enhancing new contents and services to cope with the rapidly changing Mobile Internet Business. In addition, since the Series B Preferred Shares rank in priority to receive non-accumulative dividends declared by 91 Limited in preference and priority to both the Series A Preferred Shares and the Ordinary Shares, and the holders thereof are entitled to vote in a general meeting, the executive Directors consider that subscribing the Series B Preferred Shares by NetDragon(BVI) not only can provide funding to 91 Limited, but also can increase the voting interest of the Company in 91 Limited and potentially generate additional return for the Shareholders.

Accordingly, the Board (including the independent non-executive Directors) is of the view that the terms of the transactions contemplated under the Subscription Agreement are fair and reasonable and in the interests of the Shareholders as a whole. The net proceeds from the Subscription will be used for general working capital of 91 Limited and the 91 Group Companies.

## **Fund raising activities of 91 Limited in the past twelve months**

On 13 August 2011, 91 Limited issued the Series A Preferred Shares to the IDG Investors for a total cash consideration of US\$3,999,840 pursuant to the Series A Agreement, among which 11,856,450 Series A Preferred Shares, 2,422,980 Series A Preferred Shares and 1,104,570 Series A Preferred Shares were issued to IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P. and IDG-Accel China Investors L.P., respectively. On 21 September 2011, 91 Limited issued the Notes in the amount of US\$3,853,500, US\$787,500 and US\$359,000 to IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P. and IDG Accel Investors L.P., respectively pursuant to the Note Purchase Agreement. On 14 December 2011 and 29 December 2011, 91 Limited issued 8,012,500, 4,006,250 and 4,006,250 Series B Preferred Shares to Vertex Asia Growth Ltd, IP Cathay II, L.P. and DT Capital China Growth Fund Ltd., respectively for a total cash consideration of US\$20,000,000. Save as disclosed, the Group has not conducted any fund raising activity in the past twelve months.

## **Information on the Group, 91 Limited and the 91 Group Companies**

The Group is principally engaged in online game development and Mobile Internet Business, including game design, programming and graphics, and online game operation.

NetDragon(BVI) is a direct wholly-owned subsidiary of the Company and principally engaged in investment holding.

91 Limited is an indirect subsidiary of the Company and principally engaged in investment holding.

Talent Zone is a wholly-owned subsidiary of 91 Limited, in turn a subsidiary of the Company and principally engaged in investment holding.

Fuzhou BoYuan Wireless is a wholly owned subsidiary of Talent Zone, in turn a subsidiary of the Company and principally engaged in provision of consulting services to Fujian Bo Rui through the Control Documents.

Fujian Bo Rui is an enterprise established under the laws of the PRC, the equity interests are all held by NetDragon (Fujian) and through the Control Documents, Fuzhou BoYuan Wireless is able to control Fujian Bo Rui and accordingly, Fujian Bo Rui will be regarded as a subsidiary of Fuzhou BoYuan Wireless. Fujian Bo Rui is principally engaged in the Mobile Internet Business.



## **Listing Rules implication relating to the Subscription**

As the IDG Investors are members of the IDG Group which is a substantial shareholder of the Company and are entitled to exercise 10% or more of voting power at an general meeting of 91 Limited, 91 Limited is a connected person of the Company under Rule 14A.11(5) of the Listing Rules. Accordingly, the Subscription Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription Transaction are less than 5%, the Subscription Transaction fall within the ambit of Rule 14A.32 of the Listing Rules and are subject to the reporting and announcement requirements and exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Transaction also constitutes a transaction pursuant to Rule 14.04(1)(a) of the Listing Rules and the applicable percentage ratios (as defined in the Listing Rules) in respect thereof, when aggregated with the Series A Transaction, the Note Issuance Transaction and the Series B Transaction pursuant to Rule 14.22 of the Listing Rules, are more than 5% but less than 25%. Accordingly, the Subscription Transaction, when aggregated with the Series A Transaction, the Note Issuance Transaction and the Series B Transaction, also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Except for Liu Dejian and Chen Hongzhan, who are the executive Directors and directors of 91 Limited and Lin Dongliang, who is a member of the general partners of IDG Technology Venture Investments of the IDG Group, no Director has material interest in the Subscription Transaction. Accordingly, Liu Dejian, Chen Hongzhan and Lin Dongliang have abstained from voting on the Board resolutions in relation to the Subscription Transaction.

## **(2) DETERMINATION OF THE NOTE CONVERSION PRICE**

On 10 February 2012, 91 Limited and the IDG Investors have agreed, pursuant to the terms and conditions of the Notes, on the Note Conversion Price. Based on the Note Conversion Price and the terms and conditions of the Notes, 91 Limited will issue 4,006,250 Series B Preferred Shares to the IDG Investors, and the Aggregate Principal Amount owed by 91 Limited to the IDG Investors will be deemed to have been settled and the Notes will thereafter be cancelled and cease to have any effect whatsoever. The Note Conversion is scheduled to take place on 17 February 2012. Details of the Note Issuance Transaction are set forth in the announcements of the Company dated 14 September 2011 and 21 September 2011.

## **FINANCIAL EFFECTS OF THE SUBSCRIPTION AND THE NOTE CONVERSION ON 91 LIMITED AND THE FINANCIAL INFORMATION OF 91 LIMITED AND THE 91 GROUP COMPANIES**

Upon the completion of the Subscription and the Note Conversion, 91 Limited is expected to record a gain on the deemed disposal by the issue and sale of the Series B Preferred Shares amounting to, in total, approximately RMB47,800,000 (approximately HK\$59,000,000) after deducting the professional fees and all related expenses, which gain is subject to adjustment and review by auditors of the Company.

Subject to adjustment and review by auditors, it is estimated that the total net asset value of 91 Limited and the 91 Group Companies was approximately RMB46,500,000 (equivalent to approximately HK\$57,300,000) as at 31 December 2011, and the net losses before and after taxation attributable to 91 Limited and the 91 Group Companies for the year ended 31 December 2011 were approximately RMB48,100,000 and RMB48,700,000, respectively (equivalent to approximately HK\$59,300,000 and HK\$60,100,000, respectively) after taking into account of the estimated fair value loss and finance costs in respect of the issuance of the Preferred Shares, which amounted to approximately RMB39,300,000 (equivalent to approximately HK\$48,500,000).

**SHAREHOLDING STRUCTURE OF 91 LIMITED UPON COMPLETION OF THE SUBSCRIPTION AND THE NOTE CONVERSION**

91 Limited and the 91 Group Companies will continue to be the subsidiaries of the Company following the completion of the Subscription and the Note Conversion and the shareholding structure of 91 Limited upon completion thereof will be as follows:-

<b>Shareholders of 91 Limited</b>	<b>Number of Ordinary Shares/ Preferred Shares</b>	<b>Ownership Percentage%</b>
<i>Ordinary Shares</i>		
NetDragon(BVI)	71,151,000	60.00%
BOCOM Trustee	9,615,000	8.11%
<i>Series A Preferred Shares</i>		
IDG-Accel China Growth Fund L.P.	11,856,450	10.00%
IDG-Accel China Growth Fund-A L.P.	2,422,980	2.04%
IDG-Accel China Investors L.P.	1,104,570	0.93%
<i>Series B Preferred Shares</i>		
Vertex Asia Growth Ltd	8,012,500	6.76%
IP Cathay II, L.P.	4,006,250	3.38%
DT Capital China Growth Fund, L.P.	4,006,250	3.38%
IDG-Accel China Growth Fund L.P.	3,087,617	2.60%
IDG-Accel China Growth Fund-A L.P.	630,984	0.53%
IDG-Accel China Investors L.P.	287,649	0.24%
NetDragon(BVI)	<u>2,403,750</u>	<u>2.03%</u>
<b>Total</b>	<b><u>118,585,000</u></b>	<b><u>100.00%</u></b>

## DEFINITIONS

“91 Group Company(ies)”	Talent Zone, Fuzhou BoYuan Wireless and Fujian Bo Rui
“91 Limited”	91 Limited, a limited liability company incorporated in the Cayman Islands, being an indirect subsidiary of the Company
“Aggregate Principal Amount”	the aggregate principal amount of the Notes, being US\$5,000,000 (approximately HK\$39 million)
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“BOCOM Trustee”	Bank of Communication Trustee Limited
“Completion”	the completion of the Subscription
“Completion Date”	17 February 2012 or such other date as NetDragon(BVI) and 91 Limited shall agree
“Company”	NetDragon Websoft Inc., an exempted company incorporated in the Cayman Islands with limited liability, and the securities of which are listed on the Stock Exchange
“Control Documents”	(i) the cooperation framework agreement; (ii) the equity interest pledged agreement; (iii) agreement for the exclusive right to acquire equity interest and assets; and (iv) the equity holders’ voting rights proxy agreement, entered into NetDragon (Fujian), Fuzhou BoYuan Wireless and/or Fujian Bo Rui, which are contracts cloning the Structure Contracts and pursuant to which, Fuzhou BoYuan Wireless will be able to control Fujian Bo Rui and thereby Fujian Bo Rui will be regarded as a subsidiary of Fuzhou BoYuan Wireless
“Conversion”	the exercise of the conversion rights under the Second Amended Memorandum and Articles of Association to convert the Series B Preferred Shares into Ordinary Shares
“Conversion Price”	US\$1.2480499 per share, subject to adjustment

“Conversion Rate”	the number of the Ordinary Shares into which Series B Preferred Shares may be converted into, determined by dividing the issue price for the Series B Preferred Shares by the Conversion Price
“Director(s)”	the director(s) of the Company
“Fujian Bo Rui”	Fujian Bo Rui Websoft Technology Ltd. (福建博瑞網絡科技有限公司), an enterprise established under the laws of the PRC, the equity interests are all held by NetDragon (Fujian) and through the Control Documents, Fuzhou BoYuan Wireless is able to control Fujian Bo Rui and accordingly, Fujian Bo Rui will be regarded as a subsidiary of Fuzhou BoYuan Wireless
“Fuzhou BoYuan Wireless”	Fuzhou BoYuan Wireless Websoft Technology Ltd. (福州博遠無綫網絡科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly owned subsidiary of Talent Zone
“Group”	the Company, its subsidiaries and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IDG-Accel China Growth Fund L.P.”	IDG-Accel China Growth Fund L.P., a limited partnership and ultimately owned as to 35.0% by each of Zhou Quan and Patrick J. McGovern
“IDG-Accel China Growth Fund-A L.P.”	IDG-Accel China Growth Fund-A L.P., a limited partnership and ultimately owned as to 35.0% by each of Zhou Quan and Patrick J. McGovern
“IDG-Accel China Investors L.P.”	IDG-Accel China Investors L.P., a limited partnership and ultimately owned as to 100% by James W. Breyer
“IDG Investors”	IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P., and IDG-Accel China Investors L.P.

“IDG Group”	IDG Technology Venture Investments, L.P. and the IDG Investors, which in aggregate hold 15.22% shareholding interest in the Company and therefore being the substantial shareholder of the Company under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mobile Internet Business”	the business of mobile Internet application product developments (including program development and art design) and mobile Internet advertising business operations
“NetDragon(BVI)”	NetDragon Websoft Inc., a limited liability company incorporated in the British Virgin Islands, being a direct wholly-owned subsidiary of the Company
“NetDragon (Fujian)”	Fujian NetDragon Websoft Co., Ltd. (福建網龍計算機網絡信息技術有限公司) formerly known as Fuzhou NetDragon Websoft Co., Ltd. (福州網龍計算機網絡信息技術有限公司), a company established in the PRC with limited liability and through the Structure Contracts, TQ Digital and TQ Online are able to control NetDragon (Fujian) and accordingly, regarded as a subsidiary of the Company
“Notes”	the convertible promissory notes issued pursuant to the Note Purchase Agreement
“Note Conversion”	the exercise of the conversion rights pursuant to the terms and conditions of the Notes to convert the Notes into the Series B Preferred Shares
“Note Conversion Price”	US\$1.2480499 per Series B Preferred Shares
“Note Issuance Transaction”	the transactions contemplated by the Note Purchase Agreement, details of which are set forth in the announcements of the Company dated 14 September 2011 and 21 September 2011
“Note Purchase Agreement”	a note purchase agreement dated 14 September 2011 entered into between the IDG Investors and 91 Limited

“Ordinary Share(s)”	the ordinary share(s) with a par value of US\$0.0001 per share in the share capital of 91 Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau, Special Administrative Region of the PRC and Taiwan)
“Preferred Share(s)”	the Series A Preferred Share(s) and/or the Series B Preferred Share(s)
“Qualified IPO”	the closing of 91 Limited first share offer in a firm commitment underwritten initial public offering that results in such securities being listed or registered on a qualified stock exchange, with pre-offering market capitalization and aggregate net proceeds to 91 Limited as agreed by the IDG Investors and Series B Investors
“Redemption Price”	US\$1.2480499 per Series B Preferred Share plus (i) cumulative rate of return of twelve percent (12%) per annum, and (ii) any declared but unpaid dividends on such Preferred Share
“RMB”	Reminbi, the lawful currency of the PRC
“Second Amended Memorandum and Articles of Association”	the amended and restated articles of association of 91 Limited adopted on 9 December 2011
“Series A Agreement”	the series A preferred share purchase agreement entered into amongst 91 Limited, the 91 Group Companies and the IDG Investors on 30 May 2011 pursuant to which the IDG Investors agreed to purchase and 91 Limited agreed to issue 15,384,000 Series A Preferred Shares
“Series A Preferred Shares”	Series A preferred shares of 91 Limited
“Series A Transaction”	the purchase of the Series A Preferred Shares by the IDG Investors pursuant to the Series A Agreement and the transactions contemplated thereunder, details of which are set forth in the announcements of the Company dated 30 May 2011 and 15 August 2011

“Series B Agreement”	the series B preferred share purchase agreement entered into amongst 91 Limited, the 91 Group Companies and the Series B Investors pursuant to which the Series B Investors agreed to purchase and 91 Limited agreed to issue 16,025,000 Series B Preferred Shares
“Series B Investors”	Vertex Asia Growth Ltd, IP Cathay II, L.P. and DT Capital China Growth Fund, L.P.
“Series B Liquidation Preference”	US\$1.2480499 per Series B Preferred Share, subject to adjustment from time to time, plus 12% per cent per annum cumulative rate of return
“Series B Preferred Shares”	Series B preferred shares of 91 Limited
“Series B Transaction”	the purchase of the Series B Preferred Shares by the Series B Investors pursuant to Series B Agreement and the transactions contemplated thereunder, details of which are set forth in the announcements of the Company dated 9 December 2011, 15 December 2011 and 30 December 2011
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structure Contracts”	contain contracts entered into among the subsidiaries and affiliates of the Company, particulars of which are set out in the “Structure Contracts” in the latest published annual report of the Company
“Subscription”	the subscription of 2,403,750 Series B Preferred Shares by NetDragon(BVI)
“Subscription Agreement”	the subscription agreement in respect of 2,403,750 Series B Preferred Shares in 91 Limited dated 10 February 2012 entered into between NetDragon(BVI) and 91 Limited
“Subscription Transaction”	the transactions contemplated by the Subscription Agreement



“Talent Zone”	Talent Zone Holdings Limited, a limited liability company incorporated in Hong Kong, a wholly-owned subsidiary of 91 Limited
“TQ Digital”	Fujian TQ Digital Inc (福建天晴數碼有限公司), formerly known as Fujian TQ Digital Ind (福建天晴數碼有限公司) and Fuzhou TQ Digital Ind (福州天晴數碼有限公司), a wholly foreign-owned enterprise established in the PRC on 28 February 2003, which is indirectly wholly and beneficially owned by the Company
“TQ Online”	Fujian TQ Online Interactive Inc. (福建天晴在綫互動科技有限公司), a wholly foreign-owned enterprise established in the PRC on 18 March 2008, which is indirectly wholly and beneficially owned by the Company
“United States”	United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 10 February 2012

*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.*