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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) DISCLOSEABLE TRANSACTION —
ISSUE OF PREFERRED SHARES BY A SUBSIDIARY
(2) RESUMPTION OF TRADING
(3) CLARIFICATION ON
THE CONNECTED TRANSACTION ANNOUNCEMENT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance and Chapter 14 of the Listing Rules.

DISCLOSEABLE TRANSACTION

On 10 January 2013, 91 Wireless, an indirect non-wholly-owned subsidiary of the Company, entered into the New Series B Agreement with Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors for the issue and sale of an aggregate of 7,016,778 Series B Preferred Shares for a total consideration of US\$17,500,000. The Closing has taken place simultaneously on the same date of the New Series B Agreement.

On 10 January 2013, pursuant to the New Series B Agreement, (i) 91 Wireless, the Ordinary Shareholder, the Existing Investors, Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors entered into the Shareholders' Agreement; and (ii) 91 Wireless, the Ordinary Shareholder, the Existing Investors and the New Series B Investors entered into the Co-Sale Agreement for the purposes of governing, among others, the rights and obligations of the shareholders of 91 Wireless and setting out the arrangements between them with respect to the ownership, management and operations of 91 Wireless.

The New Series B Transaction 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 NetDragon (BVI) Subscription Transaction, Sino Coast Subscription Transaction and Ordinary Share Subscription Transaction pursuant to Rule 14.22 of the Listing Rules, are more than 5% but less than 25%. Accordingly, the New Series B Transaction, when aggregated with the NetDragon (BVI) Subscription Transaction, the Sino Coast Subscription Transaction and the Ordinary Share Subscription Transaction, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 11 January 2013 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9 a.m. on 14 January 2013 following the publication of this announcement.

(1) DISCLOSEABLE TRANSACTION

INTRODUCTION

On 10 January 2013, 91 Wireless, an indirect non-wholly-owned subsidiary of the Company, entered into the New Series B Agreement with Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors for the issue and sale of an aggregate of 7,016,778 Series B Preferred Shares for a total consideration of US\$17,500,000.

PRINCIPAL TERMS OF THE NEW SERIES B AGREEMENT

Date: 10 January 2013

Parties:

- (a) 91 Wireless, as a subsidiary of the Company and being the issuer of the Series B Preferred Shares;
- (b) Talent Zone, as a wholly-owned subsidiary of 91 Wireless and being one of the 91 Group Companies;
- (c) Fuzhou BoYuan Wireless, as a wholly-owned subsidiary of Talent Zone and being one of the 91 Group Companies;

- (d) Fujian Bo Rui, being considered as a wholly-owned subsidiary of Fuzhou BoYuan Wireless through the Control Documents and as one of the 91 Group Companies;
- (e) Pacific Century Diversified Limited, being one of the New Series B Investors;
- (f) Grandwin Enterprises Limited, being one of the New Series B Investors; and
- (g) Individual Investor, being one of the New Series B Investors.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the New Series B Investors and the ultimate beneficial owner(s) of each of Pacific Century Diversified Limited and Grandwin Enterprises Limited are third parties independent of the Company and connected persons of the Company.

Capital structure:

Immediately prior to the entering into of the New Series B Agreement, 91 Wireless has an authorised share capital of US\$205,000 divided into (i) 1,994,500,000 Ordinary Shares, 92,259,312 of which have been issued to and held by NetDragon (BVI), BOCOM Trustee, SMP Trustees, Cantrust and Euro Victory and 1,637,966 of which have been issued to and held by certain participants of the 91 Share Award Scheme; (ii) 15,500,000 Series A Preferred Shares, 15,384,000 of which have been issued to the Series A Investors; and (iii) 40,000,000 Series B Preferred Shares, 24,037,500 of which have been issued to the Series B Investors, the IDG Investors, NetDragon (BVI) and Sino Coast.

Subscription:

91 Wireless shall issue, and the New Series B Investors shall purchase, the Series B Preferred Shares for a total consideration of US\$17,500,000 (approximately HK\$135.7 million) in the following manner:-

- (i) 5,813,902 of the Series B Preferred Shares, which will represent approximately 12.52% of the

issued Preferred Shares and approximately 4.14% of all the outstanding shares of 91 Wireless upon the full conversion of such Series B Preferred Shares, will be issued and sold to Pacific Century Diversified Limited at a total consideration of US\$14,500,000 (approximately HK\$112.4 million);

(ii) 601,438 of the Series B Preferred Shares, which will represent approximately 1.30% of the issued Preferred Shares and approximately 0.43% of all the outstanding shares of 91 Wireless upon the full conversion of such Series B Preferred Shares, will be issued and sold to Grandwin Enterprises Limited at a total consideration of US\$1,500,000 (approximately HK\$11.6 million); and

(iii) 601,438 of the Series B Preferred Shares, which will represent approximately 1.30% of the issued Preferred Shares and approximately 0.43% of all the outstanding shares of 91 Wireless upon the full conversion of such Series B Preferred Shares, will be issued and sold to the Individual Investor at a total consideration of US\$1,500,000 (approximately HK\$11.6 million).

The consideration of the sale and purchase of the New Series B Preferred Shares was determined among the parties, taking into account factors including (i) the rights attached to the Series B Preferred Shares; (ii) the performance of the Mobile Internet Business; and (iii) the prospects of the Mobile Internet Business conducted and to be conducted by 91 Wireless and the 91 Group Companies.

CLOSING

On 10 January 2013, the New Series B Investors has settled the consideration of US\$17,500,000 and 91 Wireless has allotted and issued 5,813,902 Series B Preferred Shares to Pacific Century Diversified Limited, 601,438 Series B Preferred Shares to Grandwin Enterprises Limited and 601,438 Series B Preferred Shares to the Individual Investor. Further details of the capital structure of 91 Wireless upon Closing are set forth in “Shareholding structure of 91 Wireless upon Closing of the New Series B Subscription Transaction” in this announcement.

PRINCIPAL TERMS OF THE SERIES B PREFERRED SHARES

Issue date: 10 January 2013

Issue Price: US\$2.494022185 per Series B Preferred Share

Dividends: The Series B Preferred Shares rank in priority to receive non-accumulative dividends declared by 91 Wireless 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 Wireless

**Liquidation
Distribution:**

- (a) 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 Wireless, to the holders of the Series A Preferred Shares, the Ordinary Shares or any of the class of shares of 91 Wireless, 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; and
- (b) the holders of the Series A Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the proceeds or assets of 91 Wireless to the holders of the Ordinary Shares or any of the class of shares of 91 Wireless, an amount per share for each Series A Preferred Share held by them equal to the sum of the Series A Liquidation Preference and all declared but unpaid dividends (if any) on each Series A Preferred Share.

Conversion rights:

Holder of the Series B Preferred Shares will 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:

- (i) issue of additional Ordinary Shares in a manner as set out in the Third 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;
- (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 Wireless 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 Wireless of a written request for such conversion at any time from the holders of more than three-fourths of the Series B Preferred Shares then outstanding.

Redemption:

91 Wireless will, following receipt at any time after the third anniversary of 9 December 2011 of a written request signed by holders of at least three-fourths of the Series B Preferred Shares then outstanding, redeem all outstanding Series B Preferred Shares at the Redemption Price.

Voting: Except as otherwise expressly provided in the Third Amended Memorandum and Articles of Association or as required by law, all the holders of the Ordinary Shares, the Series A Preferred Shares and the Series B Preferred Shares are entitled to receive notice of and to attend general meetings of 91 Wireless and vote on all matters regarding 91 Wireless.

THE SHAREHOLDERS' AGREEMENT, CO-SALE AGREEMENT AND THE MANAGEMENT RIGHT LETTERS

Pursuant to the New Series B Agreement, on 10 January 2013, (i) 91 Wireless, the Ordinary Shareholder, the Existing Investors, Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors entered into the Shareholders' Agreement; and (ii) 91 Wireless, the Ordinary Shareholder, the Existing Investors and the New Series B Investors entered into the Co-Sale Agreement.

Shareholders' Agreement

On 10 January 2013, the Shareholders' Agreement was entered into amongst 91 Wireless, the Ordinary Shareholder, the Existing Investors, Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors regarding, among others, the rights and obligations of the shareholders of 91 Wireless and setting out the arrangements between them with respect to the ownership, management and operations of 91 Wireless.

The Co-Sale Agreement

In consideration of the Series B Investors entering into the New Series B Agreement, 91 Wireless, the Ordinary Shareholder, the Existing Investors and the New Series B Investors entered into the Co-Sale Agreement on 10 January 2013, regarding the right of first refusal and co-sale to be granted to eligible investors in the event that NetDragon (BVI), as the holder of the Ordinary Shares, intend to sell or transfer all or any part of such Ordinary Shares in the capital of 91 Wireless. Under the Co-Sale Agreement, the Ordinary Shareholder covenant not to transfer its Ordinary Shares to any party (other than its affiliates) without the prior written consent of the holders of three-fourths of the outstanding Series B Preferred Shares. The Ordinary Shareholder may transfer the Ordinary Shares to its affiliates without the Series B Investors' consent provided that in case the consideration of the transfer by the Ordinary Shareholder prior to the Qualified IPO, individually or in the aggregate together with any previous transfer, exceeds US\$10,000,000, such transfer shall be subject to the consent of the holders of three-fourths of the outstanding Series B Preferred Shares and that such transferee shall agree in writing that it shall be bound by the terms of the Co-Sale Agreement as applicable to the Ordinary Shareholder.

The Management Right Letters

On 10 January 2013, 91 Wireless executed the management right letters in favour of the New Series B Investors providing them contractual management rights in the operation of 91 Wireless similar to rights of directors of 91 Wireless.

REASONS AND BENEFITS FOR ENTERING INTO THE NEW SERIES B 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 executive Directors would like to increase and diversify the shareholder base of 91 Wireless and expect that the New Investors can potentially assist 91 Wireless in expanding its Mobile Internet Business to area outside the PRC. Furthermore, the funding received from the New Series B Investors provide 91 Wireless with additional resources to cope with working capital requirements for 91 Wireless, the 91 Group Companies and future investments during the expansion process.

Accordingly, the Board is of the view that the terms of the transactions contemplated under the New Series B Agreement are fair and reasonable and in the interests of the Shareholders as a whole. The net proceeds from the New Series B Transaction will be used for strengthening general working capital of 91 Wireless and its subsidiaries.

FUND RAISING ACTIVITIES OF 91 WIRELESS IN THE PAST TWELVE MONTHS

On 17 February 2012, 91 Wireless issued 2,403,750 Series B Preferred Shares to NetDragon (BVI) in the consideration of US\$3,000,000, details of which are set forth in the announcements of the Company dated 10 February 2012 and 20 February 2012.

On 12 October 2012, 91 Wireless issued 1,602,500 Series B Preferred Shares to Sino Coast in the consideration of US\$2,000,000, details of which are set forth in the announcements of the Company dated 8 October 2012 and 19 October 2012.

On 9 January 2013, 91 Wireless issued 13,131,278 Ordinary Shares to NetDragon (BVI) in the consideration of US\$25,131,201, details of which are set forth in the announcement of the Company dated 9 January 2013.

Save as disclosed, 91 Wireless has not conducted any other fund raising activity in the past twelve months.

INFORMATION ON THE GROUP, 91 WIRELESS 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.

91 Wireless is an indirect non-wholly-owned subsidiary of the Company and principally engaged in investment holding. The principal operating subsidiaries include, among others, Fuzhou BoYuan Wireless, Fujian Bo Dong and Fujian Bo Rui.

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

Fujian Bo Dong is a subsidiary of Fuzhou BoYuan Wireless and it is principally engaged in design, production, dissemination of all kinds of advertising, corporate image planning and computer graphic production.

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 is regarded as a subsidiary of Fuzhou BoYuan Wireless. Fujian Bo Rui is principally engaged in the Mobile Internet Business, including the design and development of mobile Internet applications.

Other 91 Group Companies are also mainly engaged in activities relating to the Mobile Internet Business in the PRC, including developing and operating the mobile Internet applications and mobile Internet advertising business.

INFORMATION ON THE NEW SERIES B INVESTORS

To the best of knowledge, information and belief of the Directors:-

- (1) Pacific Century Diversified Limited is a company incorporated under the laws of the Cayman Islands and principally engaged in investment holding; and
- (2) Grandwin Enterprises Limited is a company incorporated under the laws of the British Virgin Islands and principally engaged in investment holding.

LISTING RULES IMPLICATION RELATING TO THE NEW SERIES B TRANSACTION

The New Series B Transaction 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 NetDragon (BVI) Subscription Transaction, the Sino Coast Subscription Transaction and the Ordinary Share Subscription Transaction pursuant to Rule 14.22 of the Listing Rules, are more than 5% but less than 25%. Accordingly, the New Series B Transaction, when aggregated with the NetDragon (BVI) Subscription Transaction, the Sino Coast Subscription Transaction and the Ordinary Share Subscription Transaction, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

FINANCIAL EFFECTS OF THE NEW SERIES B SUBSCRIPTION TRANSACTION ON THE COMPANY AND THE FINANCIAL INFORMATION OF 91 WIRELESS AND THE 91 GROUP COMPANIES

As a result of the Closing, the Company is expected to receive a cash inflow on the deemed disposal by the issue and sale of the Series B Preferred Shares by 91 Wireless amounting to approximately US\$17,450,000 (approximately HK\$135.3 million) after deducting the professional fees and all related expenses, which is subject to adjustment and review by auditors of the Company.

Subject to adjustment and review by auditors, it is estimated that, the unaudited total net assets value of 91 Wireless and the 91 Group Companies was approximately RMB782,000 (equivalent to approximately HK\$967,000) as at 31 December 2012. The net profit before and after taxation attributable to 91 Wireless and the 91 Group Companies for the year ended 31 December 2012 were approximately RMB26,482,000 and approximately RMB 7,877,000, respectively (equivalent to approximately HK\$32,734,000 and approximately HK\$9,737,000, respectively).

SHAREHOLDING STRUCTURE OF 91 WIRELESS UPON CLOSING OF THE NEW SERIES B SUBSCRIPTION TRANSACTION

91 Wireless and the 91 Group Companies will continue to be the subsidiaries of the Company upon Closing and the shareholding structure of 91 Wireless upon Closing will be as follows:-

Shareholders of 91 Wireless	Number of Ordinary Shares/ Preferred Shares	Approximate Ownership Percentage
<i>Ordinary Shares</i>		
NetDragon (BVI)	78,167,778	55.70%
BOCOM Trustee	2,899,184	2.07%
Shares transferred to participants of the 91 Share		
Award Scheme	1,637,966	1.17%
SMP Trustees	1,570,000	1.12%
Euro Victory	6,114,500	4.36%
Cantrust	3,507,850	2.50%
<i>Series A Preferred Shares</i>		
IDG-Accel China Growth Fund L.P.	8,151,310	5.81%
IDG-Accel China Growth Fund-A L.P.	1,665,799	1.19%
IDG-Accel China Investors L.P.	759,391	0.54%
Stonewell Resources Limited	4,807,500	3.43%
<i>Series B Preferred Shares</i>		
Vertex Asia Investments Pte. Ltd.	8,012,500	5.71%
IP Cathay II, L.P.	4,006,250	2.85%
DT Capital China Growth Fund, L.P.	4,006,250	2.85%
NetDragon (BVI)	2,403,750	1.71%
IDG-Accel China Growth Fund L.P.	3,087,617	2.20%
IDG-Accel China Growth Fund-A L.P.	630,984	0.45%
IDG-Accel China Investors L.P.	287,649	0.20%
Sino Coast	1,602,500	1.14%
Pacific Century Diversified Limited	5,813,902	4.14%
Grandwin Enterprises Limited	601,438	0.43%
Individual Investor	601,438	0.43%
Total	140,335,556	100%

(2) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 11 January 2013 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 January 2013 following the publication of this announcement.

(3) CLARIFICATION IN RELATION TO THE CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 10 January 2013 (the “Announcement”) in respect of the connected transaction of the Company. Unless otherwise stated, the terms used in this section shall have the same meanings as defined in the Announcement.

The Board would like to clarify that as stated on page 6 of the Announcement, the gain on the deemed disposal shall mean a cash inflow of 91 Limited upon completion of the Ordinary Share Subscription Transaction. Therefore, the first paragraph under the section headed “Financial Effects of the Ordinary Share Subscription Transaction on 91 Limited and the financial information of 91 Limited and the 91 Group Companies” of the Announcement shall be read as follows:-

“As a result of the completion of the Ordinary Share Subscription Transaction, 91 Limited is expected to receive a cash inflow of approximately US\$24,989,000 (approximately HK\$193,697,000) after deducting the professional fees and all related expenses, which is subject to adjustment and review by auditors of the Company.”

The Board confirms that the above clarifications do not affect other information contained in the Announcement.

DEFINITIONS

“91 Group Companies”	shall include, as at the date hereof, (i) Talent Zone; (ii) Fujian Bo Rui; (iii) Fuzhou BoYuan Wireless; (iv) 江蘇博望網絡科技有限公司 (Jiangsu Bowang Websoft Technology Ltd.); (v) Prestige Plus Holdings Limited (增譽控股有限公司); (vi) Alpha Great International Limited (強領國際有限公司); (vii) Keen City Holdings Limited (鷹威控股有限公司); (viii) BoYuan (Hong Kong) Wireless Websoft Technology Ltd. (博遠(香港)無線網絡科技有限公司); (ix) I-Wave Wireless Limited (愛威無線有限公司); and (x) Fujian Bo Dong and such other entities deemed to be subsidiaries or associated companies of the Company, each of which is or is regarded as a subsidiary of the Company
“91 Wireless”	91 Wireless Websoft Limited (91無線網絡有限公司) (formerly known as 91 Limited and the change of name was passed by a special resolution dated 10 January 2013), a limited liability company incorporated in the Cayman Islands, being an indirect non-wholly-owned subsidiary of the Company
“91 Share Award Scheme”	the share award scheme of 91 Wireless approved and adopted by the board of directors of 91 Wireless on 28 December 2011, a summary of the principal terms of which is set out in the announcement dated 28 December 2011
“Board”	the board of Directors
“BOCOM Trustee”	Bank of Communications Trustee Limited, the trustee of the 91 Share Award Scheme
“Cantrust”	Cantrust (Far East) Limited, the trustee of The Carryon Employee Benefit Trust, the beneficiaries of which are employees of the Group
“Closing”	the closing of the New Series B Agreement
“Closing Date”	10 January 2013

“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) exclusive technical consultancy and service agreement; (iii) the equity interest pledged agreement; (iv) agreement for the exclusive right to acquire equity interest and assets; and (v) the equity holders’ voting rights proxy agreement, entered into amongst 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 Third Amended Memorandum and Articles of Association to covert the Series B Preferred Shares into the Ordinary Shares
“Conversion Price”	US\$1.2480499 per Series B Preferred Share issued on or before 31 December 2012, or US\$2.494022185 per Series B Preferred Share issued on or after 1 January 2013, 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
“Co-Sale Agreement”	the amended and restated right of first refusal and co-sale agreement entered into between 91 Wireless, the Ordinary Shareholder, the Existing Investors and the New Series B Investors
“Director(s)”	the director(s) of the Company

“Euro Victory”	Euro Victory Limited, a company wholly-owned by SMP Trustees (NZ) Limited, the trustee of The Greenford Trust and the beneficiaries of The Greenford Trust are the employees of the Group (excluding the Directors)
“Existing Investors”	The Series A Investors and the Series B Investors
“Fujian Bo Dong”	Fujian Bo Dong Cultural and Communications Ltd. (福建博動文化轉播有限公司), an enterprise established under the laws of the PRC, the equity interests are held by Fuzhou BoYuan Wireless and accordingly, Fujian Bo Dong is regarded as a subsidiary of Fuzhou BoYuan Wireless
“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 is 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Ho Chi Sing
“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 Ho Chi Sing

“IDG-Accel China Investors L.P.”	IDG-Accel China Investors L.P., a limited partnership and ultimately owned as to 100% by Ho Chi Sing
“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
”Individual Investor”	One of the New Series B Investors who is an individual
“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 wholly-owned subsidiary of the Company
“NetDragon (BVI) Subscription Transaction”	the subscription of 2,403,750 Series B Preferred Shares by NetDragon (BVI) pursuant to a subscription agreement dated 10 February 2012 entered into between 91 Wireless and NetDragon (BVI), further details of which are set forth in the announcements of the Company dated 10 February 2012 and 20 February 2012
“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

“New Series B Agreement”	the Series B preferred share purchase agreement entered into amongst 91 Wireless, Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors pursuant to which 91 Wireless shall allot and issue and the New Series B Investors shall subscribe for 7,016,778 Series B Preferred Shares
“New Series B Investors”	Pacific Century Diversified Limited, Grandwin Enterprises Limited and the Individual Investor
“New Series B Transaction”	the purchase of the Series B Preferred Shares by the New Series B Investors pursuant to the Series B Agreement and the transactions contemplated thereunder
“Ordinary Share(s)”	the ordinary share(s) with a par value of US\$0.0001 per share in the share capital of 91 Wireless
“Ordinary Shareholder”	NetDragon (BVI)
“Ordinary Share Subscription Agreement”	the subscription of 13,131,278 Ordinary Shares by NetDragon (BVI) pursuant to a subscription agreement dated 9 January 2013 entered into between NetDragon (BVI) and 91 Wireless
“Ordinary Share Subscription Transaction”	the transactions under the Ordinary Share Subscription Agreement, details of which are set forth in the announcement of the Company dated 10 January 2013
“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), as the context may require
“Qualified IPO”	the closing of 91 Wireless 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 Wireless as agreed by the Series A Investors, the Series B Investors and the New Series B Investors

“Redemption Price”	US\$2.494022185 per Series B Preferred Share, subject to adjustment from time to time, plus (i) cumulative rate of return of twelve percent (12%) per annum; and (ii) any declared but unpaid dividends on such Series B Preferred Share
“RMB”	Renminbi, the lawful currency of the PRC
“Series A Investors”	IDG Investors and Stonewell Resources Limited
“Series A Liquidation Preference”	US\$0.26 per Series A Preferred Shares, subject to adjustment from time to time, plus 5% per annum cumulative rate of return
“Series A Preferred Shares”	series A preferred shares in the capital of 91 Wireless
“Series B Investors”	Vertex Asia Investments Pte. 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 issued on or before 31 December 2012 or US\$2.494022185 per Series B Preferred Share issued on or after 1 January 2013, subject to adjustment from time to time, plus 12% per annum cumulative rate of return
“Series B Preferred Shares”	series B preferred shares in the capital of 91 Wireless
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into amongst 91 Wireless, NetDragon (BVI), Existing Investors, Talent Zone, Fuzhou BoYuan Wireless, Fujian Bo Rui and the New Series B Investors pursuant to the New Series B Agreement
“SMP Trustees”	SMP Trustees (NZ) Limited, the trustee of The Waterloo Trust, the beneficiaries of which are the directors of the Company and 91 Wireless

“Sino Coast”	Sino Coast Developments Limited, a limited liability company incorporated in the British Virgin Islands
“Sino Coast Subscription Agreement”	the subscription agreement in respect of 1,602,500 Series B Preferred Shares in 91 Wireless dated 5 October 2012 entered into between Sino Coast and 91 Wireless
“Sino Coast Subscription Transaction”	the transactions contemplated under the Sino Coast Subscription Agreement
“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
“Talent Zone”	Talent Zone Holdings Limited, a limited liability company incorporated in Hong Kong, a wholly-owned subsidiary of 91 Wireless
“Third Amended Memorandum and Articles of Association”	the third amended and restated memorandum and articles of association of 91 Wireless adopted on 10 January 2013
“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

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the conversion rate of HK\$1.00 to RMB0.809, and conversion of US\$ into HK\$ is calculated at the conversion rate of HK\$1.00 to US\$0.129. These conversion rates are for purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be, converted at these or any other rates at all.

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

Hong Kong, 11 January 2013

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.