
NetDragon Online Education Subsidiary

Raises US\$52.5 million in Series A Funding

[January 6, 2015, Hong Kong] **NetDragon Websoft Inc.** ("NetDragon", Stock Code: 777), a leading mobile Internet platform developer and operator in China, today announced the signing of a definitive stock purchase agreement for a US\$52.5 million Series A equity funding round for its online education subsidiary with participation from international investors that include IDG Capital Partners, Vertex Venture (wholly-owned subsidiary of Temasek Group) and Shenzhen-listed animation producer Alpha Animation. With the proceeds from this round that will value its education subsidiary group at US\$477.5 million on a fully-diluted basis, NetDragon plans to accelerate the product development of its online/mobile education ecosystem platform and solidify its first mover advantage in the design of a disruptive education solution that truly addresses the needs of students, teachers and parents.

NetDragon is building a lifelong education ecosystem by developing K-12, vocational, non-academic credential and lifelong educational products by leveraging mobile internet technologies to disruptively enhance the learning environment, using gamification models to make learning fun, and applying user behavioral analysis to deliver innovative pedagogical approaches.

Mr. Dejian Liu, Chairman and Executive Director of NetDragon commented, "We believe the education industry is ripe for a major change. There is a strong and ever-growing need for a mobile educational platform that creates true educational value and makes people want to come back to learn more. We at NetDragon are fortunate to be in a very unique position to build such a product with our proven world-class mobile internet and gaming expertise, large-scale technology resources and team infrastructure that we have built out of scaling several successful businesses over the many years since our inception."

Mr. Liu added, "We are excited to have the opportunity to work with these excellent partners as we continue to intensify our effort to develop the best educational products that truly changes peoples' lives. Both IDG and Vertex are amongst the most successful global venture capital investors in the mobile internet space, and their investment is a strong vote of confidence in our vision and execution capabilities. Alpha Animation is one of the leading and most influential animation content production companies in China, and we believe their support as a strategic investor will create valuable synergies in the areas of content and branding that will greatly enhance our educational offerings."

Mr. Dongliang Lin, Partner at IDG Capital Partners commented, "We are very pleased to continue our cooperation with NetDragon to make such a transformational impact in the online education field. We believe NetDragon is at the forefront of this field with its holistic ecosystem approach to address the deeply-rooted fundamental issues in our education system, and we are confident that the era of mass-scale personalized mobile learning will arrive with the efforts of the NetDragon team."

Mr. Tay Choon Chong, Managing Director and Chief Investment Officer of Vertex Venture added, "We are very excited to participate in NetDragon's latest online education business venture. Education is crucial to an individual's development and is pivotal to improving one's quality of life. However, not much innovation has happened in this sector over the past many years. Mr. Dejian Liu has always had the vision to develop and apply technology ahead of the rest. We believe he will successfully lead NetDragon this time round to disrupt this sector and bring huge value to educating our future generation!"

Mr. Dongqing Cai, Chairman of Alpha Animation added, "We are extremely delighted to partner with NetDragon in this rare opportunity to invest in an unique business model being operated by a team with an unparalleled track record under the visionary leadership of Mr. Dejian Liu who has repeatedly created and scaled several businesses with huge success. Alpha Animation's vision to provide children with happiness is directly aligned with NetDragon's vision of a product that makes mobile learning both highly effective and fun. As China's leading animation and entertainment company, we are confident that this highly synergistic partnership will bring about significant value to shareholders of both companies."

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About NetDragon

NetDragon Websoft Inc. (HKSE: 0777) is a leading innovator and creative force in China's mobile internet industry. Established in 1999, NetDragon is a vertically integrated, cutting-edge R&D powerhouse with a highly successful track record which includes the development of flagship MMORPGs such as Eudemons Online and Conquer Online, China's number one online gaming portal, 17173.com, and China's most influential smartphone app store platform, 91 Wireless, which was sold to Baidu in what was at the time the largest internet M&A transaction in China in 2013. Being a China's pioneer in overseas expansion, NetDragon directly operates a number of game titles in over 10 languages internationally since 2003. In recent years, NetDragon has also become a major player in China's online and mobile education industry as it works to leverage its mobile internet technologies expertise and know-how to develop a game-changing education ecosystem product.

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