
RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business; (ii) risks relating to our Contractual Arrangements; (iii) risks relating to our industry; (iv) risks relating to conducting business in the PRC; and (v) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below, or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

Risks Relating to Our Business

We have a short operating history in developing webgames and mobile games, which makes it difficult to evaluate our prospects and future financial results.

We developed and launched our first webgame in 2009. Our short operating history makes it difficult to effectively assess our future prospects. As part of our growth strategy, we intend to develop and offer new webgames and mobile games to meet the evolving needs of our players. The new webgames and mobile games we may offer in the future present further operating and marketing challenges. In addition, the markets for webgames and mobile games are highly competitive. If we fail to successfully develop and launch new webgames and mobile games in competitive markets, we may not be able to capture the growth opportunities associated with these new webgames and mobile games or recover the costs associated with developing and marketing such games, which may materially and adversely affect our future results of operations and growth strategies.

Our business could suffer if we do not successfully manage our current and future growth or maintain or enhance our monetization abilities, which involve optimizing our game portfolio, building our workforce and balancing our growth.

We have experienced rapid revenue growth since the inception of our operations. We may not be able to maintain our historical growth rates in the future. Revenue growth may slow down or even decline for a number of reasons, including a failure to attract and retain players, a failure to continuously develop new popular games, a failure to effectively market and promote our games to third-party platforms, a failure to publish popular webgames on 91wan, decreased player spending, increasing competition, slowdown in the overall growth of the webgame and mobile game markets, the emergence of alternative business models, changes in regulatory environment or general economic conditions.

To execute our growth strategies, we anticipate that we will need to manage and optimize our current webgame and mobile game portfolio, as well as develop additional webgames and mobile games. We will also need to continue to manage, train, expand and motivate our workforce and manage our relationships with our players, publishing partners, third-party game licensors and other third-party service providers. We may not be able to efficiently or effectively implement our growth strategies or manage our growth, and any failure to do so may limit our future growth, hamper our business strategies and materially and adversely affect our financial condition and results of operations.

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If our webgames do not maintain their popularity during their expected life cycle, or if we fail to develop and publish new popular webgames, or if we fail to launch our new webgames during a favorable market window, we will be unable to acquire and retain players and improve the monetization of our games, and our results of operations could be adversely impacted.

For a webgame to remain popular and continue generating revenue, we must constantly enhance or upgrade it with new features that players find attractive. Constant enhancement or upgrading requires the investment of significant resources. In addition, we cannot assure you that the changes to or introduction of new game features will be well received by our players, who may cease playing the existing webgame because of these changes.

According to iResearch, a webgame has an average life cycle of 12 to 24 months and its monetization ability will peak after a certain period of time and gradually decline afterwards. Even if we successfully extend the life cycle of some or even most of our webgames, we may not be able to maintain or increase the profitability of such webgames. Therefore, in addition to maintaining the profitability of our existing webgames, we must also develop new webgames that are attractive to a significant number of players, which we may not be able to do.

Furthermore, the launch timing of our new games has a significant impact on the performance and popularity of these games. If we launch our new games at the same time as other popular games developed by third parties, the competition may make it difficult to attract new players to those games and our publishing partners may commit less resources promoting our games.

Any failure to develop new webgames, launch new webgames during a favorable market window, extend the life cycle of our popular games, or any other problems in launching or operating our games may decrease the popularity of our webgames and, may harm our business, financial condition and results of operations.

We may not be able to successfully operate our own publishing platform and we are also subject to certain risks inherent to our publishing business.

We operate our own publishing platform, *91wan*, on which we publish a majority of our own webgames as well as webgames developed by third parties. If we fail to identify popular and profitable webgames and license such games from their developers on acceptable terms, the performance of *91wan* may be adversely affected. The success of games we publish also depends on our ability to acquire and maintain traffic efficiently, promote such games towards our players and provide quality player services. If we fail to do so, our business and results of operations may also be adversely affected. In addition, our publishing business benefits our game development business in various aspects, such as providing access to a large player database, a reliable platform on which we beta test our games prior to launch and a reliable source of the latest market trends and player preferences. If the success of *91wan* falls short of our expectations, our game development capabilities may in turn be adversely affected.

We are also subject to certain risks inherent to our publishing business. As *91wan* continues to grow, competition with our publishing partners may intensify, which may have a negative impact on our games published by our publishing partners. Please refer to the section headed “— Risks Relating to Our Business — We rely on third-party platforms to distribute a significant number of our webgames and our business and results of operations may be materially and adversely affected if these third-party platforms fail to fulfill their obligations to us, we fail to maintain relationships with a large number of platforms, or the platforms lose popularity among Internet players.”

If we are unable to develop games compatible with new mobile devices and technologies, we may fail to successfully capture and retain a significant portion of the growing number of players that access games through mobile devices.

Capturing a greater share of the growing number of players that access the Internet through smartphones, tablets and other mobile devices by developing new mobile games is one of our key business initiatives. We have

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established a mobile gaming division and launched our first mobile game in the second quarter of 2012. We also recently invested in Appionics, the owner and operator of the Animoca studio, which is a developer and publisher of cross-platform mobile apps for smartphones and tablets. The mobile games we develop may fail to prove compelling to players, manufacturers or distributors of mobile devices. Manufacturers or distributors may establish unique technical standards for their devices, and our mobile games may not work or be viewable on these devices as a result. As new mobile devices and technologies are continually being released, it is difficult to predict the problems we may encounter in developing mobile games or adapting our webgames to these devices and technologies and we may need to devote significant resources to the creation, support and maintenance of such mobile games. We may fail to capture and retain a significant portion of the growing number of players who access games through mobile devices, and we may also lose our existing players, either of which may have a material adverse effect on our business, financial condition and results of operations. In addition, if the costs associated with developing our mobile game business exceed revenue generated therefrom, our overall profitability will be negatively impacted.

Our data analytics capability may be harmed if we fail to properly collect, store or analyze player data.

Our game development and publishing businesses are data driven and we rely on our data analytics capability to continue developing and publishing popular games, improve player experience and eventually enhance monetization of our games. Our game development and publishing teams are required to collect and store all player behavior data in accordance to certain protocols in a timely manner. However, if they fail to collect or retain certain data, we may not have the data we need to conduct our data analytics. If there is a delay in collecting player behavior data, the data may not be able to accurately or fairly reflect the latest player behavior and will be meaningless or even misleading in our game development process. In addition, we cannot assure you that our data will not be damaged or lost due to technical errors, security breaches or hacking. Furthermore, our data analytics methodology may not be as effective as expected and fail to capture the latest market trends and player preferences. If any of the above occurs, our business may be negatively affected.

A small number of webgames have generated a majority of our revenue, and we must continue to launch webgames that attract and retain a significant number of players in order to grow our revenue and sustain our competitive position.

Historically, a small number of webgames has contributed a majority of our revenue each year and we expect that this revenue concentration will continue in the foreseeable future. Our top five webgames contributed 79%, 66%, 52% and 52% of our total revenue for 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Our growth depends largely on our ability to consistently launch new webgames that achieve significant popularity. Each of our webgames requires significant time, engineering, marketing and other resources to develop, launch and maintain, which we do through regular updates and expansions. Further, the average time and costs associated with these efforts may increase. Our ability to successfully launch and publish webgames and attract and retain players largely depends on our ability to:

- anticipate and effectively respond to changing interests and preferences of webgame players;
- develop, sustain and expand webgames that are attractive, interesting and engaging;
- effectively market new webgames and enhancements to our existing and potential players;
- minimize launch delays and cost overruns on new webgames and game expansions;
- attract, retain and motivate talented game designers, product managers and engineers;
- anticipate and respond to changes in the competitive landscape; and
- minimize downtime and other technical difficulties.

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It is difficult to consistently anticipate player demand on a large scale, particularly as we develop webgames in new genres, platforms or markets. If we do not successfully launch webgames that attract and retain a significant number of players and extend the life of our existing webgames, our business, financial condition and results of operations may be adversely affected.

The webgame and mobile game industries are highly competitive. If we are unable to compete effectively, our business, financial condition and results of operations will be materially and adversely affected.

The webgame industry is highly competitive and consists of a large number of webgame developers and publishers. In recent years, numerous competitors have entered the webgame industry in China. We expect more companies to enter the market and a wider range of webgames to be introduced to the webgame industry in China. Competition from other webgame developers or publishers, based both in China as well as overseas, is likely to increase in the future. Other China-based webgame developers or publishers, such as Tencent, Gamegao, 7Road, KingNet, XD Games, Gamewave and Ourpalm, client-based online game developers and publishers, such as Giant, Kingsoft, Netease.com and NetDragon, as well as international game developers, such as Activision Blizzard, Inc. and Electronic Arts Inc., are our current or potential competitors. As we expand into the mobile gaming market, we will also compete with other mobile game developers such as Gamevil, Com2uS and Glu Mobile. The webgame and mobile game industries in China are constantly evolving, and unforeseen changes in these industries may prove to be more advantageous to certain competitors than they will be to us. In particular, any of these competitors may offer products and services that provide significant improvements in performance, price, creativity or other advantages over our products, which may weaken our competitive position.

In addition, high-profile companies with significant online presences that have not yet developed webgames such as Baidu.com, Sina.com, Qihoo.com and Taobao.com, may decide to invest in the webgame industry. Some of our current and potential competitors have significant resources for developing or acquiring games. They may also be able to leverage their own highly established brands, high organic user traffic and other assets in developing their games, and have a more diversified set of revenue sources than we do. As a result, they may be less severely affected by changes in consumer preferences, regulations or other developments that may impact the webgame industry. If any of our current or future competitors are acquired by, receive investments from or enter into other strategic or commercial relationships with larger, more established and better financed companies, they may have access to significantly greater financial, marketing and game licensing and development resources.

Increased competition in the webgame and mobile game industries in China may make it more difficult for us to retain existing players and attract new players. Moreover, we may face competition from console games (that is, video games that are played on a console as opposed to a personal computer) that have previously achieved significant success in markets other than China but are yet to be permitted to sell in China due to regulatory and other reasons. If these console games are permitted to sell in China, we may face additional competition. Further, we also compete for players with various other offline games, such as arcade games and handheld games, as well as various other forms of traditional or online entertainment. If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

We face uncertainties in the continued growth of the webgame and mobile game industries and the market acceptance of our webgames and mobile games.

The growth of the webgame and mobile game industries as well as the market acceptance of our webgames and mobile games are subject to a high degree of uncertainty. Our results of operations depend largely on factors beyond our control, including:

- the level of penetration and growth rate in the number of users of personal computers, mobile devices, the Internet and broadband in China;

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- whether the webgame and mobile game industries in China will continue to grow and the rate of such growth;
- changes in consumer demographics, tastes or preferences;
- the popularity of new games and price of virtual items that we and our competitors launch and distribute;
- our ability to upgrade and improve our existing games in a timely manner to effectively extend their life cycle and maintain or expand their market share in the industry;
- the availability and popularity of other forms of entertainment, particularly social games offered on social network platforms and console games, which are already popular in many other countries and may gain popularity in China; and
- general economic conditions and consumer sentiment that impact the level of discretionary consumer spending.

Our ability to plan for product development and distribution and promotional activities will be significantly affected by our ability to anticipate and adapt to rapid changes in consumer tastes and preferences. Webgames and mobile games are becoming increasingly popular in China. However, there is no assurance that they will continue to be popular in China or elsewhere. A decline in the popularity of webgames and mobile games would adversely affect our business prospects and results of operations. We must be able to track and respond to these changes in players' preferences in a timely and effective manner.

We may not be able to adapt to the rapidly evolving webgame and mobile game industry in China, especially to changes in technology. If we fail to anticipate or successfully implement new technologies, our games may become obsolete or uncompetitive, and our business prospects and results of operations could be materially and adversely affected.

China's webgame and mobile game industries are evolving rapidly. We constantly need to adapt to new industry trends, including changes in game player preferences, new revenue models, new game content distribution models, new technologies and new governmental regulations. We evaluate these changes as they emerge and strive to adapt our business and operations in order to maintain and strengthen our position in the industry, and our failure to do so may materially and adversely affect our business, financial condition and results of operations.

The webgame and mobile game industries are also subject to rapid changes in technology. We constantly need to anticipate the emergence of new technologies and assess their market acceptance. In addition, government authorities or industry organizations may adopt new standards that apply to game development. We also need to invest significant financial resources in product development to keep up with the pace of technological advances. However, game development is inherently uncertain, and our significant investment in technology may not generate corresponding benefits. If we fall behind in adopting new technologies or standards, our existing games may lose popularity, and our newly developed games may not be well received by our players. In addition, we may incur significant cost overruns in game development, which would materially and adversely affect our business prospects and results of operations.

Our new webgames may attract players away from our existing webgames, which may have a material adverse effect on our business, financial condition and results of operations.

Our new webgames may attract players away from our existing webgames and shrink the player base of our existing webgames, which could in turn make those existing webgames less attractive to other players, resulting in decreased revenue from our existing webgames. Players of our existing webgames may also spend less money purchasing virtual items in our new webgames than they would have spent if they had continued playing our existing webgames. The occurrence of any of the above may have a material adverse effect on our business, financial condition and results of operations.

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The item-based revenue models we adopt for our webgames and mobile games may not be optimal.

All of our webgames and mobile games adopt the item-based revenue model and we have generated, and expect to continue to generate, all of our revenue through this revenue model.

We have adopted an item-based revenue model for all of our webgames and mobile games. However, it may not be the optimal revenue model for our webgames and mobile games. The item-based revenue model requires us to develop or license webgames and mobile games that encourage players to spend more time playing our games and purchase virtual items. The sale and pricing of virtual items require us to closely track players' tastes and preferences, specifically in-game consumption patterns, and respond quickly to changes in player preferences and consumer spending. If we fail to develop virtual items that are attractive to players or fail to price virtual items effectively to maximize ARPPU, we may not be able to effectively increase the number of paying players or maximize our revenue. In addition, the item-based revenue model may cause additional concerns with PRC regulators, who have been implementing regulations designed to reduce the amount of time that Chinese youth spend on playing online games and limit the amount of virtual currency issued by online game operators and purchased by individual players. A revenue model that does not charge by play time may be viewed by the PRC regulators as inconsistent with these goals. Please refer to the section headed “— Risks Relating to Our Industry — Additional government regulations resulting from negative publicity in China regarding webgames or otherwise may have a material adverse effect on our business, financial condition and results of operations.”

We may change the revenue model for some of our webgames if we determine that our existing revenue model is not optimal. We cannot assure you that the revenue model that we have adopted for any of our webgames will continue to be optimal, and that in the future we may need to switch our revenue model or introduce new revenue models. We may have difficulties in effectively adjusting to a new revenue model because we have adopted an item-based revenue model from inception and we do not have the experience of reassessing and revising our revenue model. A change in revenue model could have adverse consequences, including disruption to our game operations, criticism from players who have invested time and money in a webgame and may be adversely affected by such a change, decrease in the number of our players or decrease in revenue we generate from our webgames.

We rely on third-party platforms to distribute a significant number of our webgames, and our business and results of operations may be materially and adversely affected if these third-party platforms breach their obligations to us, or if we fail to maintain relationships with a sufficient number of platforms, or if the platforms lose popularity among Internet users.

In addition to our own platform, *91wan*, we publish our webgames through over 350 platforms owned and operated by third parties. We rely on these third parties to promote and publish our webgames on their platforms, record purchases and collect payments from players, maintain the security of their platforms to prevent cheating and other fraudulent activities, provide a certain portion of player services and make timely payments to us of our share of the revenues generated from our webgames. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, 46%, 61%, 66% and 62% of our total revenue was generated by games distributed through third-party platforms, respectively. During the same period, we received 20%, 26%, 30% and 33% of our total revenue and 37%, 39%, 44% and 49% of our total game development revenue from our five largest publishing partners, respectively. If these third-party platforms fail to effectively promote our webgames on their platforms or otherwise fulfill their obligations to us, in particular, if we are unable to collect our share of revenue from these third-party platforms in a timely manner, our business and results of operations will be adversely affected. We may be negatively impacted if these third-party platforms do not obtain or maintain relevant government licenses to publish our games. Please refer to the section headed “Regulations — Regulations Relating to Value-Added Telecommunication Business — Regulation of Licenses” for details of licensing requirements of publishing platforms. For example, in August 2012 Feiyin was fined RMB15,000 by the administrative enforcement team of the Guangzhou Culture Bureau (廣州市文化局) in an administrative

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proceeding for licensing one of its games to a third-party platform that did not have a webgame publishing license. This lapse occurred while we were in the process of improving our internal control as a private start-up company and did not manage to review the qualifications of all our publishing partners and relied more on the representations and warranties made by our publishing partners, including those relating to their publishing licenses, in our cooperation agreements. Disputes with third-party platforms may also arise from time to time and we cannot assure you that we will be able to resolve such disputes in a timely manner or at all, and these disputes may further divert our management's attention and adversely affect our ability to collect our share of revenues generated from the webgames published on the relevant platforms. If our cooperation with a major third-party platform terminates for any reason, we may not be able to find a replacement in a timely manner or at all and the distribution of our webgames may be adversely affected. Any failure on our part to maintain good relationships with a sufficient number of platforms for the distribution of our webgames could have a material adverse effect on our business, financial condition and results of operations.

We plan to further expand *91wan* and publish more self-developed webgames on our own publishing platform, which will intensify the competition with our publishing partners. In addition, certain of our publishing partners have their own in-house game development capabilities and our other publishing partners may consider establishing such capabilities in the future. We are therefore subject to direct competition and potential conflicts of interest with our publishing partners, which may intensify in the future, and we cannot assure you that our publishing partners will always maintain a cooperative relationship with us. If our publishing partners cease or limit their committed resources to promote our games on their platforms or cease publishing our games at all, our business and results of operations may be adversely affected.

A number of platforms where we publish certain of our webgames are social platforms such as Tencent's Q-Zone. These webgames have partially benefited from a strong brand recognition, a large player base and the stickiness of the social networking websites that we use to publish these games. If any of these social websites lose their market positions or otherwise fall out of favor from Internet players, we would need to identify alternative channels for marketing, promoting and distributing our webgames, which would consume substantial resources and may not be effective.

The successful operation of our business and implementation of our growth strategies, including our ability to accommodate additional players in the future, depends upon the performance and reliability of the Internet infrastructure and fixed line and wireless telecommunications networks in China.

All of our webgames can only be accessed through Internet connection to the websites of us or our distributors. Although there are private sector Internet service providers in China, almost all access to the Internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. We rely on this infrastructure to provide data communications primarily through local telecommunications lines and wireless telecommunication networks. In addition, the national networks in China are connected to the Internet through international gateways controlled by the PRC government. These international gateways are the only channels through which a domestic player can connect to the Internet. They may not support the demand necessary for the continued growth in Internet usage. The PRC government has plans to develop the national information infrastructure. However, we cannot assure you that this infrastructure will be developed as planned or at all. In addition, in the event of any infrastructure disruption or failure we would have no access to alternative networks and services on a timely basis, if at all, which could have a material adverse effect on our business, financial condition and results of operations.

Errors or defects in our webgames and the proliferation of cheating programs could materially and adversely affect our business prospects and results of operations.

Our webgames may contain errors or other minor defects. In addition, parties unrelated to us have developed, and may continue to develop, Internet cheating programs that enable players to obtain unfair advantages over other

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players who do not use such programs. Furthermore, certain cheating programs could cause the loss of a character's superior features acquired by a player. The occurrence of errors or defects in our webgames or our failure to discover and disable cheating programs affecting the fairness of our game environment could disrupt our operations, damage our reputation and discourage our players from playing our games and purchasing virtual items. For example, we have received complaints from players regarding certain technical problems they encounter while playing our games, such as log-in and payment failures and connection interruptions. When our player service staff members receive a complaint from a game player, they will note the details of the complaint and look into the issue. If our player service staff members believe that there may exist an error or a defect in our games, we will designate certain responsible department(s) and personnel to analyze the issue and provide solutions. The solutions will be implemented and also reported back to the game player who made the complaint to see if he or she has further complaints or follow-up questions. If we believe the issue is not specific to a few players, we will also make in-game announcement of the issue and our solutions to keep all our players informed. No such complaint has yet subjected us to any consumer disputes, regulatory proceedings or litigations, nor has it materially and adversely affected our business and financial condition. However, we cannot assure you that we will not receive any material complaint in the future which could materially and adversely affect our business, financial condition and results of operations.

Any defects, disruptions or other problems affecting the functioning of our network infrastructure or information technology systems could materially and adversely affect our business.

The satisfactory performance and stability of our network infrastructure and information technology systems are critical to our user experience, which are in turn critical for attracting players. Any defects or problems with our network infrastructure or information technology systems could significantly disrupt our business operations. We may in the future experience website disruptions, outages and other performance problems due to a variety of factors, including:

- our growing operation will put increasing pressure on our servers and network capacities as we launch more games and increase the size of our player base;
- we may encounter problems when upgrading our systems or services, which could adversely affect the performance of the software we use to provide our services;
- we may be subject to hacking or other attacks on our network infrastructure and information technology systems;
- we rely on third-party service providers for certain key aspects of our network infrastructure and information technology systems, including the storage and maintenance of our servers and collection of online payments, and any disruptions or other problems with their services are out of our control and may be difficult for us to remedy; and
- our network infrastructure could be damaged or interrupted as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses and similar events.

We expect to continue making significant investments in our technology infrastructure to maintain and improve all aspects of player experience and game performance. To the extent that our disaster recovery systems are not adequate, or we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate increasing traffic, our business, financial condition and results of operations may suffer. We do not maintain insurance policies covering damages to our network infrastructures or information technology systems.

We depend on our key personnel, and our business and growth prospects may be severely disrupted if we lose their services or are unable to attract new key employees.

Our future success is heavily dependent upon the continued services of our key executive officers and other key employees. In particular, we rely on the expertise, experience and leadership ability of Mr. Wang, our chairman

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and executive director and co-founder of our business, Mr. Liao, our executive director and co-founder of our business, Mr. Huang, our executive director and co-founder of our business, Mr. Zhuang, our executive director and co-founder of our business, Mr. Yang, our chief product officer and co-founder of our business, and Mr. Ngan King Leung Gary, our Chief Financial Officer. We also rely on a number of key technology officers and staff and our top performing game development studios for the development and operation of our webgames and to maintain our competitiveness.

If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel and our business may be severely disrupted, and our financial condition and results of operations could be materially and adversely affected. In addition, if any of our executive officers or key employees joins a competitor or forms a competing company, we may lose know-how, trade secrets, suppliers, players and key professionals and staff. Furthermore, since the demand and competition for talent is intense in our industry, particularly for webgame development personnel and related technical personnel, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future, which could increase our compensation expenses. We cannot assure you that we will be able to attract or retain the key personnel necessary to implement our strategies and achieve our business objectives.

Unauthorized use of our intellectual property, including domain names, by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

We rely on copyright, trademark, trade secret and other intellectual property law, as well as confidentiality and license agreements with our employees, licensors, business partners and others to protect our copyrights, trademarks, service marks, trade secrets and other intellectual property, all of which are critical to our success. Our employees are generally required to sign agreements acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, third parties may obtain and use intellectual property that we own or license without our consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.

We have registered domain names for websites that we use in our business, such as forgame.com and 91wan.com. If we lose the ability to use the domain name of forgame.com or 91wan.com, we would be forced to incur significant expenses to market our products under a new domain name, which could substantially harm our business. In addition, our competitors could attempt to capitalize on our brand recognition by using domain names similar to ours. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of, our brand or our trademarks. Protecting and enforcing our rights in our domain names and determining the rights of others may require litigation, which could result in substantial costs and diversion of management attention.

While we intend to vigorously pursue our legal rights in PRC courts, the validity, enforceability and scope of protection of intellectual property in Internet-related industries are uncertain and still evolving. In particular, the laws and enforcement procedures in the PRC are uncertain and do not protect intellectual property rights in this area to the same extent as do the laws and enforcement procedures in more developed countries. Policing unauthorized use of intellectual properties is difficult and expensive. Any steps we have taken to prevent the misappropriation of our intellectual properties may be inadequate. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources, and could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations.

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We or our licensors may be subject to intellectual property infringement or misappropriation claims by third parties, which if determined adversely against us or our licensors, may result in significant liabilities and costs for us and have material adverse effects on our business.

We cannot be certain that in-house developed or co-developed, acquired or licensed webgames or other content posted on our websites do not and will not infringe upon patents, copyrights, trademarks or other intellectual property rights held by third parties. We published 20 self-developed and 59 licensed webgames on *91wan* as of June 30, 2013. In August 2013, we received a notice of action from Beijing Shijingshan People's Court in relation to a lawsuit commenced by Beijing Wangyuan Shengtang Entertainment Limited against Weidong, alleging that the text of a webpage banner used to promote one of the games published by *91wan* infringed the plaintiff's licensed trademark rights. We have subsequently received a court ruling, according to which the plaintiff has withdrawn the lawsuit in order to collect additional evidence. However, we have not received any notice of any other lawsuit commenced by the plaintiff against us as of the date of the prospectus. Please refer to the section headed "Business — Legal Proceedings and Compliance" for details. Neither we nor our licensors had encountered any other legal claims relating to patents, copyrights, trademarks or other intellectual property rights held by third parties concerning our own games or licensed games during the Track Record Period and the subsequent period up to the Latest Practicable Date. However, we cannot assure you that we or any of our licensors will not be perceived or alleged to infringe upon patents, copyrights, trademarks or other intellectual property rights held by third parties and become subject to legal proceedings and claims from time to time relating to the intellectual property rights of others in the future.

If we or our licensors are found to have violated the intellectual property rights of others, we may be subject to monetary damages and be enjoined from using such intellectual property, or we may incur new or additional licensing costs if we wish to continue using the infringing content, be forced to develop or license alternatives or be forced to stop operating one or more games, any of which may materially and adversely affect our business and results of operations. In addition, we may incur substantial expenses and require significant attention of management in defending ourselves against these third-party infringement claims, regardless of their merit.

In addition, we use open source softwares, including Centos, Nginx, MySQL and MongoDB, in our games and may use open source softwares in the future. From time to time, we may face claims from companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source softwares and/or derivative works that were developed using these softwares, or otherwise seeking to enforce the terms of the applicable open source license. We have not faced any such claims during the Track Record Period and we have complied with the license terms of these open source softwares and have not sub-licensed any source code or binary package of the open source softwares to any other party. However, we cannot assure you that such claims will not be brought against us. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our games, any of which could have a negative effect on our business and results of operations.

Registration of three of our trademarks is pending.

As of the Latest Practicable Date, we had made three trademark applications in Hong Kong for three trademarks as set out in the section headed "Statutory and General Information — Further Information about the Business of Our Company — 2. Our material intellectual property rights — (a) Trademarks" in Appendix IV to this prospectus, in respect to core services that we offer in the PRC (application numbers 302518164, 302518173 and 302518182). If no oppositions or extension requests are filed against us during the three-month publication period since our applications in June 2013, the relevant registration certificates for the three trademarks are expected to be issued in October 2013. However, the timing of such application largely depends on the progress of the relevant government authority in Hong Kong, which is out of our control. Furthermore, we cannot assure you that these pending applications for trademarks will eventually be granted or that they will be granted for a specification of products or services that protects all of our normal business activities. Also, there is no assurance

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that our continuous use of these trademarks will not infringe intellectual property rights of any third parties. Should we fail to secure the registration of any of these trademarks under application, or are held by any court or tribunal to be infringing or have infringed any trademark or intellectual property rights of others, our business operation and reputation may be adversely affected.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We principally rely on trade secrets to protect our technology and know-how. We have devoted substantial resources to the development of our technology and know-how. In order to protect our technology and know-how, we rely significantly on confidentiality provisions in relevant agreements with our employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

We face risks associated with the licensing of our games internationally, and if we are unable to effectively manage these risks, our ability to expand our business internationally could be impaired.

As of June 30, 2013, we licensed 20 games to game publishers in a number of overseas countries or regions. We plan to further license our existing and new games in more countries and regions.

Licensing our webgames in the international markets exposes us to a number of risks, including:

- identifying and maintaining good relations with game publishers who are knowledgeable of, and can effectively distribute and publish our webgames in, international markets;
- negotiating licensing agreements with game publishers on terms that are commercially acceptable to us, enforcing the provisions of those agreements and renewing those agreements upon expiration;
- developing and updating webgames catering to overseas markets, which involves challenges caused by languages and cultural differences and local competition;
- maintaining the reputation of our Company and our webgames, given that our webgames are published by game publishers in the international markets with different standards;
- protecting our intellectual property rights overseas and managing the related costs;
- dealing with credit risk and payment fraud, and auditing the royalties we are entitled to receive;
- complying with the different commercial and legal requirements of the international markets in which our webgames are offered, such as game content and import regulatory procedures, taxes and other restrictions and expenses; and
- managing our foreign currency risks.

In addition, our plan to continue to license our webgames in international markets may also be adversely affected by public opinion or government policies in markets in which we license our games. If we are not able to license our webgames internationally as planned, our business, financial condition and results of operations could be materially and adversely affected.

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We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

We receive, store and process personal information and other player data. There are numerous laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other player data on the Internet and mobile platforms, the scope of which is changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. It is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to players or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other player data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our players to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as players, vendors or developers, violate applicable laws or our policies, such violations may also put our players' information at risk and could in turn have an adverse effect on our business.

We are subject to payments-related risks, which could adversely affect our reputation and results of operations.

We cooperate with various third-party online payment platforms such as Alipay, 99bill and Yeepay and major pre-paid card service providers in China such as Shenzhoufu to enable players on *91wan* to make payments through such payment platforms. If any of our major payment service providers were to become unable or unwilling to settle the receivable in a timely manner or at all, our liquidity could be adversely affected and we may have to write off receivables or increase provisions against bad debts. Also, if any of our major payment service providers were to become unable or unwilling to provide payment processing services, including the processing payments made with credit cards and debit cards, our business condition and results of operations could be materially and adversely affected.

We are subject to risks relating to player account abuse, human error, fraud and other illegal activities in connection with our player accounts. If our data security systems are breached or compromised, we may lose our ability to direct credit and debit card payments from our players, and we may be subject to claims for damages from our players and third parties, all of which could adversely and materially affect our reputation as well as our results of operations.

Acquisitions, investments and strategic alliances could adversely affect our business and results of operations.

We established our game development and publishing businesses through the acquisition of Feiyin and Weidong in 2009. We may in the future continue to evaluate and enter into discussions regarding a wide array of potential merger or acquisition transactions. We recently invested in Appionics, the owner and operator of the Animoca studio, which is a developer and publisher of cross-platform mobile apps for smartphones and tablets, and plan to cooperate with Appionics to distribute our mobile games overseas. We cannot assure you that we will be able to continue identifying suitable acquisition targets in the future. In addition, any transactions that we enter into could be material to our financial condition and results of operations. The process of integrating an acquired company, business, asset or technology may create unexpected operating difficulties and expenditures. The areas where we face risks include:

- significant costs of identifying and consummating acquisitions;
- diversion of management time and focus from operating our business to acquisition integration challenges;
- difficulties in integrating the management, technologies and employees of the acquired businesses;

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- implementation or remediation of controls, procedures and policies at the acquired businesses;
- coordination of products and services, engineering and sales and marketing functions;
- retention of employees from the acquired businesses;
- liabilities for activities of the acquired businesses before the acquisition;
- potential significant impairment losses related to goodwill and other intangible assets acquired;
- litigation or other claims in connection with the acquired businesses;
- significant expenses in obtaining approvals for the transactions from shareholders and relevant government authorities in China;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally. If we use our equity securities to pay for acquisitions, we may dilute the value of our Shares. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions may also generate significant amortization expenses related to intangible assets.

We may in the future enter into strategic alliances with various third parties to further our business purposes from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparties, reputation risk and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

We principally rely on dividends and other distributions on equity paid by Feidong to fund any cash and financing requirements we may have. Any limitation on Feidong's ability to make payments to us, or the tax implications of making payments to us, could have a material adverse effect on our ability to conduct our business or financial condition.

We are a Cayman Islands holding company and conduct substantially all of our operations through the PRC Operational Entities. We rely principally on dividends and other distributions on equity by Feidong, our wholly-owned subsidiary, for our cash requirements, including the funds to pay dividends and to service any debt we may incur or financing we may need for our operations. If Feidong incurs its own debt in the future, the instruments governing the debt may restrict Feidong's ability to pay dividends or make other distributions to us. Furthermore, under PRC laws and regulations, Feidong is only permitted to pay dividends out of its retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Under PRC laws, Feidong is also required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends, loans or advances. Feidong may also allocate a portion of its after-tax profits based on PRC accounting standards, as determined by its board of directors, to its staff welfare and bonus funds, which may not be distributed to us.

As a result of these and other restrictions under PRC laws and regulations, Feidong is restricted from transferring a portion of its assets to us as dividends, loans or advances. We cannot assure you that Feidong will generate

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sufficient earnings and cash flows in the near future to pay dividends or otherwise distribute sufficient funds to enable us to meet our obligations, pay interest and expenses or declare dividends. Any limitation on Feidong's ability to transfer funds to us as dividends, loans or advances could materially and adversely limit our ability to grow, make investments or acquisitions that could benefit our businesses, repay debts, pay dividends, or otherwise fund and conduct our business.

In addition, under the PRC Enterprise Income Tax Law and its implementation rules, dividends generated from Feidong's business in the PRC after January 1, 2008 and payable to Foga Tech, Feidong's immediate holding company incorporated in Hong Kong, generally will be subject to a withholding tax rate of 10%. If certain conditions and requirements under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income entered into between Hong Kong and the PRC are met, the withholding rate could be reduced to 5%.

In October 2009, the SAT further issued the Circular on How to Interpret and Recognize the "Beneficial Owner" in Tax Treaties ("Circular 601") and certain other related rules. According to Circular 601, non-resident enterprises or individuals that cannot provide valid supporting documents as "beneficial owners" may not enjoy the benefits of the tax treaty. "Beneficial owners" refers to individuals, enterprises or other organizations that are normally engaged in substantive operations. These rules also set forth certain adverse factors on the recognition of a "beneficial owner," expressly excluding "conduit companies," or any company established for the purposes of avoiding or reducing tax obligations or transferring or accumulating profits and not engaged in actual operations such as manufacturing, sales or management, from being a "beneficial owner." As a result, although Feidong is currently wholly owned by Foga Tech, our Hong Kong subsidiary, Foga Tech may not qualify as a beneficial owner of Feidong and we may not be able to enjoy the preferential withholding tax treatment under the tax treaty with respect to dividends paid by Feidong to Foga Tech.

PRC regulations of loans to and direct investment in PRC entities by offshore holding companies may delay or prevent us from transferring funds to Feidong.

We may transfer funds to Feidong or finance Feidong by means of shareholder loans or capital contributions, including transferring the net proceeds of the Global Offering to Feidong upon completion of the Global Offering. Any loans to Feidong, which is a foreign-invested enterprise, cannot exceed statutory limits based on the difference between its registered capital and investment amount, and shall be registered with SAFE or its local counterparts. Furthermore, any capital contributions we make to Feidong shall be approved by the MOFCOM or its local counterparts. We may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to Feidong may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In addition, SAFE promulgated the Circular on the Relevant Operating Issues concerning Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises ("Circular 142") on August 29, 2008. Under Circular 142, registered capital of a foreign-invested company settled in RMB converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC. In addition, foreign-invested companies may not change how they use such capital without SAFE approval, and may not use such capital to repay RMB loans if the proceeds of such loans have not been utilized. Violations of Circular 142 may result in severe penalties, including heavy fines as set forth in the section headed "Regulations — Regulations Relating to Foreign Currency Exchange." As a result, Circular 142 may significantly limit our ability to transfer the net proceeds from the Global Offering and subsequent financings to Feidong and eventually to our PRC Operational Entities through Feidong, which may adversely affect the business expansion of our PRC Operational Entities,

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and we may not be able to convert the net proceeds from the Global Offering into RMB to invest in or acquire any other PRC companies, or establish other PRC Operational Entities in the PRC.

Furthermore, SAFE promulgated the Circular on Issues concerning Strengthening the Administration of Foreign Exchange Businesses (“Circular 59”) on November 9, 2010, which requires local SAFE branches and banks to closely examine the authenticity of the settlement of net proceeds from offshore offerings and the net proceeds to be settled in the manner described in the offering documents. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from the Global Offering to Feidong and convert the net proceeds into RMB, which may materially and adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Our business is sensitive to general economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business and financial condition.

Economic conditions in China are sensitive to global economic conditions. Since we derive, and expect to continue to derive, the significant portion of our revenue from China, our business and prospects may be affected by economic conditions in China. We rely on the spending of our players for our revenue, which may in turn depend on their level of disposable income, perceived future earnings and willingness to spend. Due to uncertain global economic conditions, our players may reduce the amount they spend on our webgames. In addition, renewed financial turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all, which could also materially and adversely affect our business, results of operations and prospects.

We have not purchased any insurance to cover our main assets, properties and business and our limited insurance coverage could expose us to significant costs and business disruption.

We have not purchased any insurance to cover our main assets, properties and business. Further, we do not maintain business interruption insurance or key-man life insurance. Any disruption in our network infrastructure or business operations, litigation or natural disasters may result in our incurring substantial costs and the diversion of our resources. Our insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

The interests of our Controlling Shareholders may not align with those of our other Shareholders.

Four of our Founders, namely Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang established the Family Trusts and transferred by way of gift at no consideration all their respective shareholding interests in Foga Group, Foga Networks, Foga Holdings and Foga Development, which in turn hold an aggregate of 71.39% of the then-issued share capital of the Company, to Managecorp Limited, acting as trustee. The Family Trusts are discretionary trusts, the beneficiaries of which include themselves and in some cases, their respective family members. The Wang Trust, Keith Huang Trust, Hao Dong Trust and ZHUANGJG Trust were duly set up on March 15, 2013. Mr. Wang, Mr. Huang, Mr. Liao, Mr. Yang and Mr. Zhuang are our Controlling Shareholders through exercising common control over our Company, our subsidiaries and our PRC Operational Entities as confirmed by the Memorandum. With the exception of Mr. Yang, they are also the ultimate beneficial owners of the shareholding interests of Managecorp Limited held through the Family Trusts. Upon completion of the Global Offering, Managecorp Limited will directly hold in trust an aggregate of 54.50% interest in our issued share capital (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of Pre-IPO Share Options and Post-IPO Share Options and any Shares to be issued

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pursuant to the RSU Scheme). Accordingly, it will be able to exert significant control and influence over our business and on matters of significance to us and other Shareholders by voting at the general meetings of Shareholders.

Notwithstanding that the Family Trusts are of discretionary nature and that Managecorp Limited as trustee is entitled to make decisions regarding any matters relating to the trusts at its own discretion and based on its own judgment, Managecorp Limited as trustee is bound by fiduciary duties of a trustee in making any decisions regarding corporate actions to be taken by Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang, and their interests may not be aligned with those of the other Shareholders. There is no assurance that Mr. Wang, Mr. Huang, Mr. Liao, Mr. Zhuang or Managecorp Limited will not prevent us from taking actions or exercising our rights under agreements to which we are a party to. When conflicts of interest arise between our Controlling Shareholders and other Shareholders, our Controlling Shareholders may prevent or delay us from entering into transactions that might be desirable to other Shareholders, such as takeovers or changes in our control or management, causing loss of opportunities on the part of other Shareholders.

We cannot assure you that our Controlling Shareholders and Managecorp Limited will act entirely in our interest or that conflicts of interest will be resolved in our favor. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders and our Controlling Shareholders are free to vote according to their interests.

We had total deficits and negative reserves during the Track Record Period.

As of December 31, 2012 and June 30, 2013, we had total deficits of RMB136.7 million and RMB342.1 million, respectively. This was primarily due to (i) the negative reserve of RMB228.4 million and RMB190.4 million, respectively, among which RMB371.9 million was other reserve resulting from the repurchase of ordinary shares in connection with the Pre-IPO Investment by the Series A Investors in June 2012; and (ii) the accumulated fair value loss of convertible redeemable preferred shares of RMB18.8 million and RMB388.2 million, respectively, as of December 31, 2012 and June 30, 2013. Assuming the completion of the Global Offering in the year ending December 31, 2013 with the indicative Offer Price ranging from HK\$43.50 to HK\$55.00, the estimated total fair value loss to be recorded in relation to the convertible redeemable Series A Preferred Shares for the year ending December 31, 2013 will be approximately HK\$708 million to HK\$1,042 million. Pursuant to the conversion terms set forth in the memorandum of association and articles of association, all Series A Preferred Shares will be automatically converted into Ordinary Shares upon the Global Offering. As a result, the liabilities for the Series A Preferred Shares will be derecognized and accounted as an increase in share capital and capital reserve and we will not have total deficits or negative reserves immediately upon the Global Offering. Please refer to the section headed “Financial Information — Shareholders’ Equity” and Notes 24 and 30 to the Accountant’s Report in Appendix I to this prospectus. However, we cannot assure you that we will not have total deficits and negative reserves in the future resulting from similar transactions or otherwise, which will limit our ability to distribute dividends under Cayman Islands Company Law.

Risks Relating to Our Contractual Arrangements

If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

On December 11, 2001, the State Council promulgated Regulations for the Administration of Foreign-invested Telecommunications Enterprises 《外商投資電信企業管理規定》 (the “FITE Regulations”), which were subsequently amended on September 10, 2008. Under the FITE Regulations, foreign ownership of companies that provide value-added telecommunication services, which include the operation of webgames and mobile games, is limited to 50%. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and

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a proven track record of business operations overseas (“Qualification Requirement”). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have been gradually building up our track record of overseas telecommunications business operations for the purposes of being qualified to acquire the entire equity interests of the PRC Operational Entities when the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in China. Please refer to the section headed “Contractual Arrangements — Background” for detailed measures we have taken and plan to take in order to meet the Qualification Requirement. However, we cannot assure you that such measures are ultimately sufficient to comply with the Qualification Requirement. In addition, each of the Contractual Arrangements provides that Feidong and the PRC Operational Entities shall terminate the Contractual Arrangements once Feidong is allowed to hold the PRC Operational Entities’ equity interests under the PRC laws and if Feidong or its subsidiaries are able to conduct webgame and mobile game operations under the PRC laws. As a result, if the restriction on foreign ownership in companies providing value-added communications services under the current PRC laws is revoked, we may be required to unwind the Contractual Arrangements before we are in a position to comply with the Qualification Requirement.

According to the Guidance Catalog of Industries for Foreign Investment (revised in 2011) 《外商投資產業指導目錄（2011年修訂）》 (the “Catalog”), which was promulgated and is amended from time to time jointly by MOFCOM, and the National Development and Reform Commission (the “NDRC”), the value-added telecommunications services are considered “restricted” under Section V of the Catalog and the Internet business is considered “prohibited” under Section X. In order to comply with the foreign ownership restrictions, we operate our webgame and mobile game business in China through our PRC Operational Entities, which are contractually controlled by Feidong. In addition, foreign and foreign-invested enterprises are not able to apply for the licenses required to publish webgames in China. As a Cayman Islands company, we are a foreign enterprise under PRC law, and neither we nor Feidong, our wholly-owned PRC subsidiary, are permitted to hold a license to publish webgames in China. The PRC Operational Entities hold the licenses and approvals that are required to operate our webgame and mobile game business. As a result of the Contractual Arrangements among Feidong, the PRC Operational Entities and their shareholders, Feidong is considered the primary beneficiary of the PRC Operational Entities and we consolidate the results of operations of the PRC Operational Entities in our financial statements. If Feidong or any of the PRC Operational Entities fails to obtain or maintain all applicable permits and approvals, our business and operations would be materially and adversely affected.

On July 13, 2006, the MIIT issued the Notice on Strengthening the Administration of Foreign Investment in Operating Value-added Telecommunications Business 《關於加強外商投資經營電信業務管理的通知》 (the “MIIT Notice”), which provides that any domain name or trademark used by a value-added telecom carrier shall be legally owned by such carrier or its shareholders. The MIIT Notice also provides that the operation site and facilities of a value-added telecom carrier shall be used as prescribed by operating licenses obtained by the carrier and correspond to the value-added telecom services that the carrier has been approved to provide. In addition, value-added telecom carriers are required to ensure network security. Companies that have obtained the operating licenses for value-added telecom services are required to perform a self-examination as to compliance with these requirements and report the results to the provincial branches of the MIIT. Currently the PRC Operational Entities or their shareholders own all the domain names and trademarks that we use in our operations. However, if the PRC Operational Entities or their shareholders cease to own some of the domain names and trademarks in the future, we may be in violation of the provisions of the MIIT Notice and as a result may be subject to various penalties, including fines and the discontinuation of or restrictions on our operations.

On September 28, 2009, the GAPP, together with the National Copyright Administration (國家版權局) and the National Office of Combating Pornography and Illegal Publications (全國“掃黃打非”工作辦公室), jointly issued the Notice Regarding the Consistent Implementation of the “Regulation on Three Provisions” of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the

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Examination and Approval of Imported Online Games (《關於貫徹落實國務院〈“三定”規定〉和中央編辦有關解釋，進一步加強網路遊戲前置審批和進口網路遊戲審批管理的通知》), or the GAPP Notice. Article 4 of the GAPP Notice provides that foreign investors are not permitted to invest or engage in online game operations in China through wholly-owned subsidiaries, equity joint ventures or cooperative joint ventures, and expressly prohibits foreign investors from gaining control over or participating in domestic online game operations indirectly by establishing other joint venture companies, establishing contractual arrangements or providing technical support. In the event that we, Feidong or our PRC Operational Entities are found to be in violation of the GAPP Notice, the competent government authorities would have the power to investigate and penalize such violations, including in the most serious cases suspending or revoking the relevant licenses or registrations. Please refer to the section headed “Contractual Arrangements — Legality of the Contractual Arrangements” for detailed discussion of the GAPP Notice.

In the opinion of our PRC legal advisers, Jingtian & Gongcheng, (i) the ownership structures of our Company, our PRC subsidiary and the PRC Operational Entities are in compliance with existing PRC laws and regulations, (ii) the Contractual Arrangements between our PRC subsidiary, on the one hand, and the PRC Operational Entities, and/or its shareholders, on the other hand, are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect and (iii) the business operations of our Company, our PRC subsidiary, and the PRC Operational Entities, as described in this prospectus, are in compliance with existing PRC laws and regulations in all material aspects. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the MITT Circular, the FITE Regulations and the relevant regulatory measures concerning the webgame industry. In addition, recent press articles have reported that certain PRC court rulings and arbitral decisions invalidated certain contractual agreements which were considered to be entered into with the intention of circumventing foreign investment restrictions in the PRC in contravention of the PRC Contract Law and the General Principles of the PRC Civil Law. Please refer to the section headed “Contractual Arrangements — Legality of the Contractual Arrangements” for detailed discussion. Accordingly, there can be no assurance that the PRC regulatory authorities that regulate the webgame industry, in particular, the MITT, the PRC courts or arbitration panels will ultimately take a view that is consistent with the opinion of our PRC legal advisers.

The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. If our corporate and contractual structures were deemed by the MITT or other competent authorities to be illegal, either in whole or in part, we may have to modify such structures to comply with regulatory requirements. However, we cannot assure you that we can achieve this without material disruption to our business. Further, if our corporate and contractual structure were found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking the agreements constituting the Contractual Arrangements;
- revoking the PRC Operational Entities’ business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to have been obtained through illegal operations;
- shutting down all or a portion of our networks and servers;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to modify our corporate and contractual structure;
- restricting or prohibiting our use of the proceeds from the Global Offering to finance our PRC Operational Entities’ business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

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Furthermore, any of the assets under the name of any record holder of equity interest in our PRC Operational Entities, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. Because our PRC Operational Entities contributed substantially all of our total net revenues for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of our PRC Operational Entities or our right to receive their economic benefits, we would no longer be able to consolidate the financial results of the PRC Operational Entities in our financial statements.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and the PRC Operational Entities or their shareholders may fail to perform their obligations under our Contractual Arrangements.

Since PRC laws limit foreign equity ownership in Internet and other related businesses in China, we operate our webgame developments and distributions through the PRC Operational Entities. We have no equity ownership interests in the PRC Operational Entities and rely on the Contractual Arrangements with the PRC Operational Entities and their shareholders to control and operate these businesses. Substantially all of our revenue and cash flow are attributed to our PRC Operational Entities. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over the PRC Operational Entities. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of the PRC Operational Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, as a legal matter, if a PRC Operational Entity or its shareholders fails to perform its, his or her respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. For example, if the shareholders of the PRC Operational Entity were to refuse to transfer their equity interest in the PRC Operational Entity to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal action to compel them to perform their respective contractual obligations. Furthermore, uncertainties presented by the PRC legal system could impede our ability to exercise the option to acquire ownership and subject us to substantial costs.

We may lose the ability to use and enjoy assets held by our PRC Operational Entities that are important to the operation of our business if our PRC Operational Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our PRC Operational Entities hold certain assets that are important to our business operations. The Contractual Arrangements with our PRC Operational Entities contain terms that specifically obligate the shareholders of the PRC Operational Entities to ensure the valid existence of the PRC Operational Entities and that the PRC Operational Entities may not be voluntarily liquidated. However, should the shareholders breach this obligation and voluntarily liquidate the PRC Operational Entities, or should the PRC Operational Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

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Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

According to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to challenge by the PRC tax authorities, additional taxes and interest may be imposed. We would be subject to adverse tax consequences if the PRC tax authorities were to determine that transactions under the Contractual Arrangements between Feidong and the PRC Operational Entities were not conducted on an arm's-length basis as the PRC tax authorities have the authority to make special tax adjustments on the PRC Operational Entities' tax position. Moreover, in accordance with the Implementation Measures of Special Tax Adjustments (Trial Version) Guoshuifa [2009] No. 2, additional corporate income tax payable under a special tax adjustment made by the PRC tax authorities on or after January 1, 2008 shall be subject to an interest levy calculated on a daily basis.

We will be subject to higher income tax rates and incur additional taxes as a result of the Contractual Arrangements, which may increase our tax expenses and decrease our net profit margin.

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our PRC Operational Entities retained all net profits generated by them. However, under the Contractual Arrangements, which we entered into in June and July 2012 and amended and restated on September 12, 2013, all of the net income of the PRC Operational Entities shall be paid to Feidong in the form of service fees, subject to adjustments made by Feidong at its sole discretion, which are subject to a sales tax in the PRC, currently at the tax rate of 3% for value-added tax, which may change in the future.

In addition, Feidong was accredited as a "software enterprise" in June 2013 under the relevant PRC laws, regulations and rules. Under the relevant PRC tax regulations, Feidong is exempted from PRC enterprise income tax in 2013 and will enjoy a reduced income tax rate of 12.5% from 2014 to 2016. Feiyin and Weidong, our two PRC Operational Entities, were qualified as "High and New Technology Enterprises" under the EIT Law in 2010 and as a result entitled to a preferential income tax rate of 15% on their profits for the years ended December 31, 2010, 2011 and 2012. As of June 30, 2013, both Feiyin and Weidong were in the process of renewing such entitlements. We cannot assure you that Feidong's income tax rate will always be lower than that of our PRC Operational Entities. If Feidong fails to maintain its "software enterprise" qualification or renew its qualification when the relevant term expires, its income tax rate would increase to 25% and may be higher than the income tax rate of our PRC Operational Entities at that time. The Group's effective income tax rate may increase as our PRC Operational Entities' preferential income tax rate does not benefit us if they transfer all their net income to Feidong under the Contractual Arrangements, which will in turn decrease our net profit margin.

Shareholders of our PRC Operational Entities may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

We conduct substantially all of our operations, and generate substantially all of our revenue, through the PRC Operational Entities. Our control over these entities is based upon the Contractual Arrangements with the PRC Operational Entities and their shareholders that allow us to control the PRC Operational Entities. These shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us, if they believe it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and the PRC Operational Entities, the shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favor.

In addition, these shareholders may breach or cause our PRC Operational Entities to breach the Contractual Arrangements. If the PRC Operational Entities or their shareholders breach their contracts with us or otherwise

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have disputes with us, we may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control the PRC Operational Entities and otherwise result in negative publicity. We cannot assure you that the outcome of any such dispute or proceeding will be in our favor.

We depend on our PRC Operational Entities to provide certain services that are critical to our business. The breach or termination of any of these service agreements or any failure of or significant quality deterioration in these services could have a material adverse effect on our business, financial condition and results of operations.

We have engaged our PRC Operational Entities to provide certain services that are critical to our business, such as the operation of 91wan by Weidong. Since we do not directly control the PRC Operational Entities, and because we depend on the PRC Operational Entities to provide services that are critical to our business, we face certain risks with respect to our arrangements with these entities. If one of the PRC Operational Entities were to breach its obligations under any of the Contractual Arrangements, we may not be able to find a suitable alternative service provider or be able to establish our own webpage platform or distribution network in a legal or timely manner. Further, if Feidong commits gross negligence or a fraudulent act, the PRC Operational Entities may unilaterally terminate the Exclusive Business Cooperation Agreements prior to their expiration date and halt services that are critical to our business operations. The breach or termination of any of the Contractual Arrangements could have a material adverse effect on our business, financial condition and results of operations. Please refer to the section headed “Contractual Arrangements — Contractual Arrangements — Termination” for circumstances and conditions under which the Contractual Arrangements may be terminated by the parties thereto.

We conduct our business operation in the PRC through the PRC Operational Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the PRC Operational Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of the PRC Operational Entities, injunctive relief and/or winding up of the PRC Operational Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the PRC Operational Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in the PRC Operational Entities in favor of an aggrieved party. Please refer to the section headed “Contractual Arrangements — Legality of the Contractual Arrangements” for details of the enforceability of the Contractual Arrangements. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the PRC Operational Entities and/or their respective shareholders, and if we are

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unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the PRC Operational Entities, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of the PRC Operational Entities, the ownership transfer may subject us to substantial costs.

Pursuant to the Contractual Arrangements, Feidong (or its designee within our Group) has the exclusive right to purchase all or any part of the equity interests in the PRC Operational Entities from the respective shareholders for a nominal price, unless the relevant government authorities request that another amount be used as the purchase price and in which case the purchase price shall be such amount. Where the purchase price is required by the relevant government authorities to be an amount other than a nominal amount, the respective shareholders shall return the amount of purchase price they have received to Feidong. If such a transfer takes place, the competent tax authority may require Feidong to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

Risks Relating to Our Industry

The laws and regulations governing the webgame industry and related businesses in China are developing and subject to future changes. If we or any of the PRC Operational Entities fail to obtain or maintain all applicable permits and approvals, our business and operations would be materially and adversely affected.

The Internet industry, including the operation of webgames, in China is highly regulated by the PRC government. Various regulatory authorities of the central PRC government, such as the State Council, the MIIT, the SAIC, the MOC, the GAPP, the State Administration of Radio, Film and Television, and the Ministry of Public Security, are empowered to promulgate and implement regulations governing various aspects of the Internet and the webgame industry.

The PRC Operational Entities are required to obtain applicable permits or approvals from different regulatory authorities in order to provide their services. For example, an Internet content provider, or ICP, must obtain a value-added telecommunications business operation license, or ICP License, from the MIIT or its local offices in order to engage in any commercial ICP operations within China. A webgame operator must also obtain an Internet culture operation license from the MOC, an Internet publishing license from the GAPP in order to distribute games through the Internet and approval from the MIIT to provide online bulletin board services. In addition, we are providing mobile applications to mobile device players free of charge and therefore we do not think we need to obtain a separate operating license in addition to the ICP License, which we have already obtained. We believe this is in line with the current market practice. However, there can be no assurance that the competent authorities in the PRC share the same view as us or that we will not be required to apply for an operating license for our mobile applications in future. If any of the PRC Operational Entities fails to obtain or maintain any of the required permits or approvals or if our practice is later challenged by government authorities, they may also be subject to various penalties, including fines and the discontinuation of or restriction on our operations. Any such disruption in business operations would materially and adversely affect our financial condition and results of operations.

Furthermore, our PRC Operational Entities are subject to certain PRC regulations on webgame administration, which regulate, among others, game development, publishing and issuance and trading of virtual currency. In January 2011, Weidong was fined RMB20,000 by the administrative enforcement team of the Guangzhou Culture Bureau (廣州市文化局) in an administrative proceeding because one of the webgames it licensed and published solicited players to pay for the chance to win virtual items based on random selection through a lucky draw, wager or lottery and therefore violated *The Interim Measures for the Administration of Online Games* (《網絡遊戲管理暫行辦法》). We were in the process of improving our internal control as a private start-up company and did not manage to fully comply with the then newly-issued regulation. As of the date of the

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prospectus, we have not been penalized by any administrative authorities for similar incidents. While we have taken measures to prevent similar incidents from occurring in the future, it may be difficult for us to monitor the activities in all webgames we are publishing. If we fail to do so, we may be subject to penalties imposed by the PRC authorities. We may also be subject to negative publicity resulting from such incidents and our reputation may be harmed.

As the webgame industry is at an early stage of development in China, new laws and regulations may be adopted in the future to address new issues that arise from time to time. If our operations do not comply with these new laws and regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties. Also, different regulatory authorities may have different views regarding the licensing requirements for the operation of webgames and related businesses. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the webgame industry and related businesses. While we believe that we comply in all material respects with all applicable PRC laws and regulations currently in effect, we cannot assure you that we will not be found in violation of any current or future PRC laws and regulations.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

We issue game credits to players for them to exchange for virtual items to be used in our games. The issuance and use of “virtual currency” is regulated in the PRC. In January 2007, the Ministry of Public Security, the MOC, the MIIT and the GAPP jointly issued a circular regarding online gambling having implications for the use of virtual currency. To curtail webgames that involve online gambling, as well as address concerns that virtual currency could be used for money laundering or illicit trade, the circular (i) prohibits webgame operators from charging commissions in the form of virtual currency in relation to winning or losing of games; (ii) requires webgame operators to impose limits on the use of virtual currency in guessing and betting games; (iii) bans the conversion of virtual currency into real currency or property; and (iv) prohibits services that enable players to transfer virtual currency to other players. In February 2007, 14 PRC regulatory authorities jointly promulgated a circular to further strengthen the oversight of Internet cafés and webgames. Under the circular, the PBOC has authority to regulate virtual currency, including: (i) setting limits on the aggregate amount of virtual currency that can be issued by webgame operators and the amount of virtual currency that can be purchased by an individual; (ii) stipulating that virtual currency issued by webgame operators can only be used for purchasing virtual products and services within the webgames and not for purchasing tangible or physical products; (iii) requiring that the price for redemption of virtual currency shall not exceed the respective original purchase price; and (iv) banning the trading of virtual currency.

On June 4, 2009, the MOC and the MOFCOM jointly issued a notice regarding strengthening the administration of webgame virtual currency (the “Virtual Currency Notice”). The notice requires businesses that (i) issue webgame virtual currency (in the form of prepaid cards or prepayment or prepaid card points) or (ii) offer webgame virtual currency transaction services to apply for approval from the MOC within three months following the date of the notice. The notice also prohibits businesses that issue webgame virtual currency from providing services that would enable the trading of such virtual currency. The business scope in our Network Cultural Business Permit includes the issuance of virtual currency.

We believe we do not issue in-game virtual currency or offer in-game virtual currency trading services. However, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours. In that event, we may be required to cease either our game credit issuance activities or such deemed “trading service” activities and may be subject to certain penalties, including but not limited to mandatory corrective measures and fines. The occurrence of any of the foregoing could have a material adverse effect on our business and results of operations.

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In addition, the Virtual Currency Notice also prohibits webgame operators from setting game features that involve the direct payment of cash or virtual currency by players for the chance to win virtual items or virtual currency based on random selection through a lucky draw, wager or lottery. The notice also prohibits game operators from issuing currency to players through means other than purchases with legal currency. It is unclear whether these restrictions would apply to certain aspects of our webgames. We cannot assure you that the PRC regulatory authorities will not take a view unfavorable to us and deem certain of our game features as prohibited by the Virtual Currency Notice, thereby subjecting us to penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could materially and adversely affect our business and results of operations.

Additional government regulations resulting from negative publicity in China regarding webgames or otherwise may have a material adverse effect on our business, financial condition and results of operations.

The media in China has reported incidents of violent crimes or out-of-game illegal conducts by players allegedly provoked by, or committed in connection with, online games, including webgames. In addition, there have been widespread negative media reports that focus on how online games are addictive, how excessive game playing could distract students and interfere with their education and how the content of webgames could be obscene, superstitious or socially unstabilizing. Certain non-governmental organizations may also organize protests or publicity campaigns against online game companies in order to protect youth from the risk of becoming addicted to certain webgames. The PRC government may decide to adopt more stringent policies to monitor the online gaming industry as a result of adverse public reaction to perceived addiction to such games, particularly by minors. In 2007, eight PRC government authorities, including the GAPP, the Ministry of Education and the MIIT, jointly issued a notice requiring all Chinese online game operators to adopt an “anti-fatigue compliance system” in an effort to curb addiction to online games by minors. Under the anti-fatigue compliance system, three hours or less of continuous play is defined to be “healthy,” three to five hours is defined to be “fatiguing,” and five hours or more is defined to be “unhealthy.” Game operators, including us, are required to reduce the value of game benefits for minor players by half when those players reach the “fatigue” level, and to zero when they reach the “unhealthy” level. We have received orders from competent authorities to improve our “anti-fatigue compliance system” due to historic non-compliance. We cannot assure that any measures taken by us to prevent similar incidents from occurring in the future will be absolutely effective. In addition, webgame players in China are now required to register their identity card numbers before they can play a webgame. This system allows game operators to identify which players are minors. It is unclear whether these restrictions would be expanded to apply to adult players in the future. More stringent government regulations, including stricter anti-fatigue rules, could discourage players from playing our games, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, the State Administration of Taxation announced that it may tax players on the income derived from the trading of virtual currencies at the rate of 20%. However, it is currently unclear how the tax will be collected or if there will be any effect on our players or our business.

Furthermore, similar adverse public reactions may arise and similar government policies may be adopted in other jurisdictions where we license out our webgames, which could materially and adversely affect our overseas licensing revenues.

The PRC government has tightened its regulation of Internet cafés, which are currently one of the venues for players to play online games in China. Intensified government regulation of Internet cafés could restrict our ability to maintain or increase our revenue and expand our player base.

Internet cafés are one of the places for players to play online games in China. In March 2001, the PRC government began tightening its regulation and supervision of Internet cafés. In particular, a large number of unlicensed Internet cafés have been closed. The PRC government has also imposed higher capital and facility

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requirements for the establishment of Internet cafés. Furthermore, the PRC government's policy, which encourages the development of a limited number of national and regional Internet café chains and discourages the establishment of independent Internet cafés, has slowed down the growth of Internet cafés. In February 2004, the government agencies in charge of Internet café licensing jointly issued a notice suspending the issuance of new Internet café licenses for a period of six months. In February 2007, 14 PRC government departments jointly issued a circular to strengthen the regulation of Internet cafés and webgames. According to the circular, local authorities were banned from issuing new Internet café licenses for the remainder of 2007. Governmental authorities may from time to time impose stricter requirements, such as the customers' age limit and hours of operation, among others, as a result of the occurrence and perception of, and the media attention on, gang fights, arson and other incidents in or related to Internet cafés.

Since some of our players play our games in Internet cafés, any reduction in the number, or slowdown in the growth, of Internet cafés in China, or any new regulatory restrictions on their operations, could limit our ability to maintain or increase our revenues and expand our player base, thereby adversely affecting our business and results of operations, as well as growth prospects.

The PRC government may prevent us from distributing, and we may be subject to liability for, content deemed to be inappropriate.

China has enacted laws and regulations governing Internet access and the distribution of news, information or other content, as well as products and services, through the Internet. In the past, the PRC government has stopped the distribution of information through the Internet that it believes violates PRC laws. The MIIT, the GAPP and the MOC have promulgated regulations that prohibit games from being distributed through the Internet if the games contain content that is found to, among other things, propagate obscenity, gambling or violence, instigate crimes, undermine public morality or the cultural traditions of China, or compromise state security or secrets.

If any games we offer were deemed to violate any such content restrictions, we would not be able to obtain the necessary governmental approval and may not be able to continue offering the game, and we further could be subject to penalties, including confiscation of income, fines, suspension of business and revocation of our license for operating webgames, any of which could materially and adversely affect our business, financial condition and results of operations.

We may also be subject to potential liability for the unlawful actions of our players or for content we distribute on the Internet or use for the promotion of our games that is deemed inappropriate. Furthermore, we may be required to delete content that violates PRC laws and report content that we suspect may violate PRC laws. For example, in November 2011, Weidong was publicly criticized by the MOC for promoting one of the webgames it published using advertising materials that included content which was found to propagate obscenity and thus prohibited by Article 9 of *The Interim Measures for the Administration of Online Games* (《網絡遊戲管理暫行辦法》). This lapse occurred while we were in the process of improving our internal control as a private startup company and did not manage to review the contents of all licensed games and relied more on the representations and warranties made by our game licensors on the legality of their games in our cooperation agreements. As a matter of enforcement, the MOC asked its local counterparties to investigate the publicly criticized companies and, if the local culture bureaus believe the non-compliance exists, they may impose administrative fines of RMB10,000 to RMB30,000 and/or corrective measures. As of the date of the prospectus, we have not received any notice of any investigation or administrative measures from any local culture bureau in this regard. While we have taken measures to prevent similar incidents from occurring in the future, it may be difficult for us to determine the type of content that may result in liability for us, and if we are wrong, we may be subject to penalties imposed by the PRC authorities and be prevented from operating our games or offering other services in China. We may also be subject to negative publicity resulting from such incidents and our reputation may be harmed.

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The PRC government controls virtually all Internet access in China, and in general requires computers sold in China to be installed with government-designated software to censor websites deemed inappropriate by the government, which may potentially discourage or restrict the use of the Internet or our webgames by players. The regulation and censorship of information disseminated over the Internet in China may adversely affect our business and subject us to liability for information displayed on or linked to our website.

The PRC government controls virtually all Internet access in China and may occasionally block Internet access throughout the country or in certain regions due to political concerns, in particular in response to, or out of concerns for, special incidents or significant events, thereby preventing people in China, including our players, from accessing the Internet and playing our webgames.

On May 19, 2009, the MIIT issued a circular regarding the Pre-installment of Green Dam Web Filter Software on Computers. According to this circular, commencing on July 1, 2009, all computers sold in China are required to be installed with a government-designated software, called Green Dam — Youth Escort, to block “unhealthy words or pictures.” However, according to media reports, such software may compromise the security of personal information. Given the controversy generated by this circular, the MIIT announced on June 30, 2009 that it would extend the deadline for the implementation of the circular. According to further media reports, the minister of the MIIT stated on August 13, 2009 that the PRC government will not require all computers sold in China to be installed with the filter software but that computers used in schools, Internet cafés and other public places will be required to be installed with the filter software in order to prevent young people from being harmed by unhealthy online content. It is currently unclear to what extent this circular would be implemented. If any content of our webgames is found by the filter software to contain “unhealthy words or pictures,” our webgames may be blocked by the software, and as a result players will not be able to access our webgames, which would have an adverse effect on our business, financial condition and results of operations.

Currently there is no law or regulation specifically governing virtual asset property rights and therefore, it is unclear what liabilities, if any, webgame operators may have for virtual assets.

During the course of playing webgames, some virtual assets, such as special equipment, player experience grades and other features of our players’ game characters, are acquired and accumulated. Such virtual assets can be important to webgame players and have monetary value and in some cases are sold among players for actual money. In practice, virtual assets can be lost for various reasons, often through unauthorized use of the game account of one player by other players and occasionally through data loss caused by a delay of network service, a network crash or hacking activities. Currently, there is no PRC law or regulation specifically governing virtual asset property rights. As a result, there is uncertainty as to who is the legal owner of virtual assets, whether and how the ownership of virtual assets is protected by law, and whether an operator of webgames such as us would have any liability to players or other interested parties (whether in contract, tort or otherwise) for the loss of virtual assets. In case of a loss of virtual assets, we may be sued by our players and held liable for damages, which may negatively affect our reputation and business, financial condition and results of operations. We have not been involved in any virtual assets related law suits. However, we cannot assure you that such law suits will not be brought against us in the future.

Based on several judgments by PRC courts regarding the liabilities of webgame operators for loss of virtual assets by players, the courts have generally required the webgame operators to return the virtual items or be liable for the loss and damage incurred therefrom.

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Risks Relating to the People's Republic of China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on overall economic growth in China, which could materially and adversely affect our business.

Substantially all of our operations are conducted in China and substantially all of our revenue are sourced from China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. Economic reforms begun in the late 1970s have resulted in significant economic growth. However, any economic reform policies or measures in China may from time to time be modified or revised. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven across different regions and among various economic sectors.

The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Since late 2003, the PRC government has implemented a number of measures, such as increasing the People's Bank of China's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. In 2008 and 2009, however, in response to the global financial crisis, the PRC government has loosened such requirements. In response to the global financial crisis and economic downturn, the PRC government adopted various measures aimed at expanding credit and stimulating economic growth, such as decreasing the PBOC statutory deposit reserve ratio and lowering benchmark interest rates. For example, the PBOC decreased the statutory reserve ratio three times consecutively in December 2011, February 2012 and May 2012, respectively. It also decreased the benchmark interest rates by 25 basis points in June 2012. In particular, the PBOC decided to cut financial institutions RMB benchmark deposit and lending interest rates since July 6, 2012. The one-year benchmark deposit rate was cut by 0.25 percentage points, and year benchmark lending interest rate was cut by 0.31 percentage points.

The Chinese economy has grown significantly in the past decade. However, that growth may not continue and any slow down may have a negative effect on our business. The overall Chinese economy affects our profitability, since expenditures for games may decrease in a slowing economy. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China, could have a material adverse effect on the overall economic growth of China and investment in the game industry. Such developments could adversely affect our businesses, lead to reduction in demand for our services and adversely affect our competitive position.

The PRC legal system embodies uncertainties which could limit the legal protections available to us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing general economic and business matters. The overall effect of legislation since 1979 has been a significant enhancement of the protections afforded to various forms of foreign-invested enterprises in China. Feidong is a wholly foreign-owned enterprise, or WFOE, which is an enterprise incorporated in China and wholly owned by foreign investors. It is subject to laws and regulations applicable to foreign investment in China in general and laws and regulations applicable to WFOEs in particular. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to the Internet, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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We may be required to obtain prior approval from the CSRC for the listing and trading of our Shares on the Hong Kong Stock Exchange.

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the SAIC, the CSRC, and the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “New M&A Rules”), which became effective on September 8, 2006. This regulation, among other things, purports to require that an offshore special purpose vehicle formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published procedures regarding the approval of overseas listings by special purpose vehicles. Approval from the CSRC may take several months. The application of this regulation remains unclear.

Our PRC legal advisers, Jingtian & Gongcheng, are of the opinion that prior CSRC approval for this offering is not required because (i) Feidong was incorporated by a foreign-owned enterprise, and there was no acquisition of the equity or assets of a “PRC domestic company” as such term is defined under the New M&A Rules and (ii) there is no provision in the New M&A Rules that clearly classifies the Contractual Arrangements as a type of transaction falling under the New M&A Rules. As a result, we did not seek prior CSRC approval for this offering. However, we cannot assure you that the relevant PRC government authorities, including the CSRC, will reach the same conclusion as our PRC legal advisers. If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this offering into the PRC or take other actions that could have a material adverse effect on our business, as well as the trading price of our Shares. The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the Shares offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax.

The EIT Law provides that an enterprise established outside China whose “de facto management body” is located in China is considered a “PRC resident enterprise” and will generally be subject to the uniform 25% enterprise income tax rate, or EIT rate, on its global income. Under the implementation rules of the EIT Law, “de facto management body” is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (“Circular 82”) that sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within the PRC. Although Circular 82 explicitly provides that the above standards apply to

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enterprises which are registered outside the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If we were treated as a PRC resident enterprise, the 25% PRC income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("SAT Circular 698") issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

On March 28, 2011, the SAT released the SAT Public Notice (2011) No. 24 ("SAT Public Notice 24"), to clarify several issues related to Circular 698. SAT Public Notice 24 became effective on April 1, 2011. According to SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

There is uncertainty as to the application of SAT Circular 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or made any formal declaration as to the process and format for reporting an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Circular 698 may be determined by the tax authorities to be applicable to previous investments by non-resident investors in our Company, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-resident investors may become at risk of being taxed under SAT Circular 698 and may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us. We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

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Discontinuation of any of the preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

China passed the EIT Law and its implementation rules, both of which became effective on January 1, 2008, which provided the statutory rate of the enterprise income tax of 25%. Feidong, our wholly-owned PRC subsidiary, was accredited as a “software enterprise” in June 2013 under the relevant PRC laws, regulations and rules. Under the relevant PRC tax regulations, Feidong is exempted from PRC enterprise income tax in 2013 and will enjoy a reduced income tax rate of 12.5% from 2014 to 2016. The qualification as a “software enterprise” is subject to annual evaluation by the relevant authorities in China. If Feidong fails to maintain its “software enterprise” qualification or renew its qualification when the relevant term expires, its applicable corporate income tax rate would increase to 25%, which could have a material adverse effect on our financial condition and results of operations. We cannot assure you that we will be able to maintain our current effective tax rate in the future.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

The PRC government’s pilot plan to replace the business tax with a VAT may subject us to pay more taxes, which could have a material adverse effect on our financial condition and results of operations.

Pursuant to the *PRC Provisional Regulations on Business Tax*, taxpayers providing taxable services falling under the category of service industry in China are required to pay a business tax at a normal tax rate of 5% of their revenues. In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. Pursuant to this plan and relevant notices, from January 1, 2012, a VAT was imposed to replace the business tax in the transport and shipping industry and some of the modern service industries in certain pilot regions, including Shanghai. Under the pilot plan, a VAT rate of 6% applies to some modern service industries. In September 2012, the Guangdong Municipal Office of SAT issued a notice stating that Guangdong would implement the pilot plan of replacing business tax with VAT in November 2012. Our PRC Operational Entities are located in Guangdong, and we have not received notice to replace business tax with VAT from the local SAT bureau as of the date of this prospectus. However, if

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this plan is extended to apply to our businesses in the future, we may be subject to a VAT rate which is higher than the business tax rate that currently applies to us, which could harm our financial condition and results of operations.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.

In October 2005, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles ("Circular 75"), which states that if PRC residents use assets or equity interests in their PRC entities as capital contributions to establish offshore companies or inject assets or equity interests of their PRC entities into offshore companies to raise capital overseas, they must register with local SAFE branches with respect to their overseas investments in offshore companies. They must also file amendments to their registrations if their offshore companies experience material events involving capital variation, such as changes in share capital, share transfers, mergers and acquisitions, spin-off transactions, long-term equity or debt investments or uses of assets in China to guarantee offshore obligations. Under this regulation, their failure to comply with the registration procedures set forth in such regulation may result in fines or sanctions imposed by the PRC government, including restrictions being imposed on the foreign exchange activities of the relevant PRC entity, including the payment of dividends and other distributions to its offshore parent, as well as restrictions on the capital inflow from the offshore entity to the PRC entity.

We are committed to complying with and to ensuring that our shareholders who are subject to the regulations will comply with the relevant rules. However, we cannot assure you that all of our shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 75 or other related rules. Any future failure by any of our shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to the U.S. dollar was generally stable. In July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. From July 2008 to June 2010, the Renminbi traded within a narrow range against the U.S. dollar. Since June 2010, the Renminbi has appreciated against the U.S. dollar, from approximately RMB6.83 per U.S. dollar to RMB6.1202 per U.S. dollar as of the Latest Practicable Date. It is difficult to predict how Renminbi exchange rates may change going forward. With an increased floating range of the Renminbi's value against foreign currencies, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against the U.S. dollar or other foreign currencies.

Certain of our assets are denominated in foreign currencies such as the U.S. dollar. In addition, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of

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our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. For the year ended December 31, 2012 and the six months ended June 30, 2013, our currency exchange loss was approximately RMB0.5 million and RMB0.6 million, respectively. Currently, we do not proactively manage our exchange rate risk through settlements of foreign exchange, currency derivatives and other measures. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. We cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. On May 12, 2008, China experienced an earthquake with a reported magnitude of 8.0 on the Richter scale in Sichuan Province, resulting in the death of tens of thousands of people. There have been recent outbreaks of avian flu in certain countries, including China. An outbreak of similar contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, particularly in Asia.

These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in China or any other market in which we do business could severely disrupt our business operations by damaging our network infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations. We have not adopted any written contingency plans to combat any future natural disasters or outbreaks of avian flu, H1N1 flu, SARS or any other epidemic.

Risks Relating to the Global Offering

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our Shares. The Offer Price is the result of negotiations between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not decline below the Offer Price.

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and

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consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution.

We have granted Pre-IPO Share Options pursuant to the Pre-IPO Share Option Scheme and intend to grant Post-IPO Share Options pursuant to the Post-IPO Share Option Scheme and the RSUs pursuant to the RSU Scheme, which will entitle participants in these share incentive schemes to receive Shares under certain circumstances. Please refer to the sections headed “Appendix IV — Statutory and General Information — Pre-IPO Share Option Scheme,” “Appendix IV — Statutory and General Information — Post-IPO Share Option Scheme” and “Appendix IV — Statutory and General Information — RSU Scheme” for more details. Exercise of options and vesting of the RSUs may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders’ shareholding interest in our Company and a reduction in earnings per Share.

The sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and current shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders, the Selling Shareholders and the Second Round Pre-IPO Investors are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholders, and the Selling Shareholders and the Second Round Pre-IPO Investors to dispose of significant amounts of their Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

Our Controlling Shareholders may exert substantial influence over us and may not act in the best interests of our independent Shareholders.

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of Pre-IPO Share Options and Post-IPO Share Options and any Shares to be issued pursuant to the RSU Scheme), our Controlling Shareholders will own approximately 55.30% of our issued Shares. Our Controlling Shareholders will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any shareholders’ ordinary resolutions, irrespective of how other shareholders vote. The interests of our Controlling Shareholders may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

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You may experience difficulties in enforcing your Shareholder rights because we are incorporated in the Cayman Islands; Cayman Islands law is different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our memorandum and articles of association, the Cayman Islands Company Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located. In particular, the Cayman Islands has a less developed body of securities law.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major Shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Hong Kong Companies Ordinance, which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert report, contained in this prospectus.

Certain facts, forecasts and other statistics relating to China and other countries and regions and the webgame and mobile game market in China contained in this prospectus have been derived from various government publications, market data providers and other independent third-party sources, including iResearch, an independent industry expert, and generally are believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them make any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside China. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness,

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accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.