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NET2GATHER (CHINA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

ANNOUNCEMENT

STRATEGIC CO-OPERATION WITH SHANGHAI TELECOM AND ACCEDO IN IPTV MARKET

The Board is pleased to announce that Shanghai Moliyo (a subsidiary of the Company) has entered into the Agreement with Shanghai Telecom (an independent party), under which the Group will provide a range of localized interactive games to Shanghai Telecom’s IPTV subscribers subject to and upon the terms and conditions of the Agreement.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules to inform the shareholders the new development of the Group’s mobile internet business. The Company will comply with all applicable requirements under the Listing Rules and issue any further announcement, if necessary, as and when appropriate.

The board of directors (“Board”) of Net2Gather (China) Holdings Limited (“Company” or “Net2Gather”) is pleased to announce that 上海摩力游無線互動網絡科技有限公司 (translated as “Shanghai Moliyo Wireless Interactive Entertainment Technology Co. Ltd.”) (“Shanghai Moliyo”), a subsidiary of the Company, has entered into an agreement (“Agreement”) with 中國電信股份有限公司上海分公司 (translated as “Shanghai Telecommunication Co., Ltd., Shanghai Branch”) (“Shanghai Telecom”), an independent third party.

THE AGREEMENT

Pursuant to the Agreement, the Group will provide a range of localized interactive games to Shanghai Telecom’s internet protocol television (“IPTV”) subscribers subject to and upon the terms and conditions of the Agreement. The games will include our self-developed games and the games of Accedo Broadband AB (our business partner)’s IPTV game titles in China on an exclusive basis. The revenue from the IPTV’s subscription will be shared by Shanghai Moliyo, Shanghai Telecom and Accedo Broadband AB in proportion as agreed upon by the parties.

INFORMATION ON THE PARTIES

The Company and its subsidiaries (“Group”) is a Mobile Internet service provider in China. The current principal activities of the Group are the provisions of (1) online gaming business (development of online games, sale of related auxiliary products and licensing of gaming services), (2) Mobile Internet business (content development, operation, marketing and distribution of mobile and social games with related services), and (3) investment holding.

The principal activity of Shanghai Telecom is provision of telecommunication services, and it is based in Shanghai, China. It is a subsidiary of China Telecom Corporation Limited (stock code: 728, listed on the main board of the Stock Exchange), which is a full services integrated information service operator and the world’s largest wireline telecommunications and broadband services provider, providing basic telecommunications services such as wireline telecommunications services and mobile telecommunications services, and value-added telecommunications services such as Internet access services and information services, and other related services in China.

Accedo Broadband AB (“Accedo”) is the leading enabler of Smart TV and IPTV applications. Accedo provides platforms, applications, tools and services to media companies, platform and CE companies and TV operators globally, to help them deliver the next-generation TV experience. Its cloud-based platform solutions enable customers to cost-efficiently roll out and manage application offerings and stores for multiple devices and markets.

REASONS FOR ENTERING INTO THE AGREEMENT

The IPTV market is fast-growing, earmarking an irrevocable trend pursuant to China’s “Network Convergence” policy, which calls for faster broadband speed and increasing pilot cities to cover increasing IPTV subscribers. Accedo’s expertise in IPTV gaming and the Group’s expertise in the Chinese gaming industry offer a unique best-of-breed solution to the market. The Company is glad to take a participative role in China’s network convergence, and to form the strategic alliance with Shanghai Telecom and Accedo to cooperate, develop and grasp the opportunities in the flourishing IPTV market in China.

GENERAL

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) to inform the shareholders the new development of the Group’s mobile internet business. The Company will comply with all applicable requirements under the Listing Rules and issue any further announcement, if necessary, as and when appropriate.

On behalf of the Board
Bankee P Kwan
Chairman and CEO

Hong Kong, 2 April 2012

As at the date hereof, the Directors of the Company comprise:-

Executive Directors:

Mr Kwan Pak Hoo Bankee
Mr Law Ping Wah Bernard
Mr Ng Kung Chit Raymond

Independent non-executive Directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin