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*Unless otherwise defined herein, terms used in this announcement shall have the same meanings defined in the prospectus dated 23 October 2007 (the “Prospectus”) issued by NetDragon Websoft Inc. (the “Company”).*

## **NETDRAGON WEBSOFT INC.**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8288)**

### **EXERCISE OF OVER-ALLOTMENT OPTION**

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by Bear Stearns (for itself and on behalf of the Underwriters) on 9 November 2007 in respect of the Over-allotment Shares (representing 15% of the total number of Placing Shares initially available for subscription under the International Placing) to facilitate the return in full to DJM Holding Ltd. of 16,200,000 borrowed Shares which were used solely to cover over-allocations in the International Placing.

The Over-allotment Shares will be allotted and issued by the Company at HK\$13.18 per Share (excluding brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Placing Price per Share in connection with the International Placing.

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by Bear Stearns (for itself and on behalf of the Underwriters) on 9 November 2007 in respect of 16,200,000 additional Shares (the “Over-allotment Shares”) (representing 15% of the total number of Placing Shares initially available for subscription under the International Placing). The Over-allotment Shares will be allotted and issued by the Company at HK\$13.18 per Share (excluding brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), being the Placing Price per Share in connection with the International Placing.

Bear Stearns has borrowed 16,200,000 Shares from DJM Holding Ltd. pursuant to a stock borrowing arrangement between Bear Stearns and DJM Holding Ltd. solely to cover over-allocations in the International Placing. The Over-allotment Shares will be used to facilitate the return in full to DJM Holding Ltd. of 16,200,000 borrowed Shares which were used solely to cover over-allocations in the International Placing.

Immediately after the issue of the Over-allotment Shares, the total number of Shares in issue will be 556,207,860, of which an aggregate of 156,047,500 Shares will be held in public hands, representing approximately 28.1% of the total number of Shares in issue as enlarged by the Over-allotment Shares.

Approval for listing of and permission to deal in the Over-allotment Shares was granted by the Listing Committee of the Stock Exchange.

The shareholding structure of the Company immediately before and immediately after the issue of the Over-allotment Shares by the Company is as follows:

Shareholders	Immediately before the issue of the Over-allotment Shares		Immediately after the issue of the Over- allotment Shares	
	Number of Shares	Approximate % of issued share capital	Number of Shares	Approximate % of issued share capital
<b>Original non-public shareholders</b>				
Controlling Shareholders (Note 1)	278,959,040	51.7%	278,959,040	50.1%
Employee Shareholders (Note 2)	22,868,000	4.2%	22,868,000	4.1%
IDG Group	78,333,320	14.5%	78,333,320	14.1%
Happy Sunshine Limited	20,000,000	3.7%	20,000,000	3.6%
<b>Public shareholders (Note 3)</b>	<u>139,847,500</u>	<u>25.9%</u>	<u>156,047,500</u>	<u>28.1%</u>
<b>Total</b>	<u>540,007,860</u>	<u>100.0%</u>	<u>556,207,860</u>	<u>100.0%</u>

*Notes*

1. Immediately before the issue of the Over-allotment Shares, the approximately 51.7% interest in the Company are owned as to approximately 34.0% by DJM Holding Ltd., approximately 6.6% by Fitter Property Inc., approximately 4.9% by Richmedia Holdings Limited and approximately 6.2% by Eagle World International Inc..
2. Immediately before the issue of the Over-allotment Shares, the approximately 4.2% interest in the Company are owned as to approximately 2.4% by Cristionna Holdings Limited, approximately 0.6% by Lilywhites Venture Limited, approximately 0.3% by Main Shine Company Limited, approximately 0.3% by Wu Chak Man, approximately 0.3% by Growing Up Capital Inc., approximately 0.2% by Kellyton International Limited and approximately 0.1% by Peony Glory Holding Ltd..
3. After the over-allocation of 16,200,000 Shares but before the exercise of the Over-allotment Option, 156,047,500 Shares are held by the public shareholders, representing approximately 28.9% of the issued share capital of the Company of 540,007,860 Shares.

The additional net proceeds of approximately HK\$205.0 million from the issue of the Over-allotment Shares will be applied to expand the Company's business through acquisition or cooperation with external parties as stated in the section headed "Statement of Business Objectives — Reasons of the International Placing and the Use of Proceeds" of the Prospectus.

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

*Executive Directors:*

Mr. Liu Dejian  
Mr. Liu Luyuan  
Mr. Zheng Hui  
Mr. Chen Hongzhan

*Non-executive Directors:*

Mr. Lin Dongliang  
Mr. Zhu Xinkun

*Independent non-executive Directors:*

Mr. Chao Guowei, Charles  
Mr. Lee Kwan Hung  
Mr. Liu Sai Keung, Thomas

Hong Kong, 9 November 2007

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for 7 days from the date of its posting. This announcement will also be posted on the Company's website at [www.nd.com.cn](http://www.nd.com.cn).*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving the information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*