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NetDragon Websoft Inc.

網龍網絡有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 777)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that it is expected that the net profit of the Group for the three months ended and the year ended 31 December 2009 may experience a very substantial decline as compared with the corresponding quarter in 2008, the three months ended 30 September 2009 and the year ended 31 December 2008 although revenue of the Group for the year ended 31 December 2009 is expected to increase as compared with the year ended 31 December 2008.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by NetDragon Websoft Inc. (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that it is expected that the net profit of the Group for the three months ended and the year ended 31 December 2009 may experience a very substantial decline as compared with the corresponding quarter in 2008, the three months ended 30 September 2009 and the year ended 31 December 2008 although revenue of the Group for the year ended 31 December 2009 is expected to increase as compared with the year ended 31 December 2008. Based on the information currently available, the Board considers that the expected decline in net profit is mainly due to the rise in development cost of new product and expansion of new businesses.

The information contained in this announcement is only a preliminary assessment by the management of the Company and is not based on any audited figures or information reviewed by the Company’s auditors. Shareholders and potential investors are advised to carefully consider the Group’s final results announcement and annual report for the year ended 31 December 2009, which are expected to be released in April 2010.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 January 2010

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Liu Dejian, Mr. Liu Luyuan, Mr. Zheng Hui and Mr. Chen Hongzhan; one non-executive director, namely Mr. Lin Dongliang; and three independent non-executive directors, namely Mr. Chao Guowei, Charles, Mr. Lee Kwan Hung and Mr. Liu Sai Keung, Thomas.