

[For Immediate Release]

NetDragon Websoft Inc. Announces First Quarter 2010 Unaudited Financial Results

[11 June 2010, Hong Kong] NetDragon Websoft Inc. (“NetDragon”, with its subsidiaries collectively the “Group”; Stock Code: 777), a leading online game developer and operator in China, today announced its unaudited financial results for the three months ended March 31, 2010.

Liu Dejian, Chairman and Executive Director of NetDragon, said, "We are pleased to announce our results for the first quarter 2010. Our revenue witnessed 4% sequential growth during the quarter, reinvigorated by the efforts of our experienced development and operational teams. Our net profit margin also rose to 15.2%, a significant improvement compared with the 0.9% recorded for the fourth quarter 2009, as our ongoing resource optimization program has resulted in reduced fixed costs and the streamlining of our enterprise."

On a strategic level Mr. Liu commented, "In our overseas efforts, following the lead of "Eudemons Online", "Conquer Online", and "Zero Online", we launched the traditional Chinese version of "Way of the Five" in Taiwan, which will further expand the market presence of NetDragon products in the region. In addition, our mobile software applications gained increasing popularity during the first quarter. The user base of our 91 series mobile phone applications grew steadily, laying a solid foundation for the meaningful development of this emerging business. Overall, we are very satisfied with our accomplishments in different IT and new media fields."

Mr. Liu concluded, "We believe that the online gaming industry will continue to have a promising development outlook in the coming years. NetDragon will be dedicated to strengthening core competencies that are based on research and development and operations, to adapt to a rapidly-changing industry environment and to attract more users with excellent gaming products. Meanwhile, we will continue to invest in new businesses like mobile phone applications, and to take advantage of the huge business opportunities in the mobile and internet sectors in the 3G era. We will firmly seize opportunities to achieve sustainable development and enhance shareholder value via these moves."

1Q 2010 Business Highlights

- Traditional Chinese version of "Way of the Five" entered open beta in January
- NetDragon received multiple awards including recognition as a "Top 10 Games Developer in China for 2009" and "Overseas Expansion Award for National Games for 2009" at the 2009 China Game Industry Annual Conference in January
- Released a new Chinese expansion pack "Star Fleets" for "Zero Online" in February
- Commenced closed beta test for "CJ7 Online" in March
- NetDragon was elected as Fujian Animation Game Industry Association Chief and recognized as "Fujian Animation & Game R&D Centre" at the 2010 Fujian Animation & Game Industry Annual Conference
- Cooperate with Saigon Tel over Vietnamese version of "Conquer Online" in March
- Chairman and Executive Director of NetDragon Liu Dejian was honored with "10th Fujian Science & Technology Award for Youth" in March

Recent Developments

- From April to June, released English, French, Spanish and Arabic versions of Conquer Online's EP "Legends Return Season I"
- Released a new Chinese expansion pack "Legends Return" for "Conquer Online" in May
- Vietnamese version of "Eudemons Online" entered open beta in May
- "Disney Fantasy Online" advanced into its final stage of open beta testing and signed Chinese female singer Li Yuchun as the game's spokesperson in May
- "Dungeon Keeper Online" and "Cross Gate" started 2nd round of closed beta testing in May
- NetDragon was selected as the sole designated IT supporter for the Fujian Pavilion at the Expo 2010 Shanghai China
- Showcased at Cross-Straits Conference and attended the Cross-Straits Copyright (Creative) Industry Summit Forum as the only corporate entity
- Approved by extraordinary general meeting held in June, NetDragon has successfully acquired the entire equity interests of Fujian TianDi, which will also serve as NetDragon's future centralized campus.

Business Outlook

- Open beta test of "CJ7 Online" is expected in July 2010
- Open beta test of "Dungeon Keeper Online" is expected in 2H 2010
- Games under development include: "Legend of the Dark", "Cross Gate" and "Doomsday"
- Our mobile business continues to make positive progress, as users of our mobile software applications continue to rise

Management Conference Call

NetDragon will host a conference call and webcast to review its unaudited financial results for the first quarter 2010 ended March 31, 2010 at 8:00PM Hong Kong Time / 8:00AM Eastern Daylight Time, June 11, 2010.

Details of the investor conference call are as follows:

Time: 8:00PM Hong Kong Time / 8:00AM Eastern Daylight Time, June 11, 2010

Dial in numbers:

International Toll	1-617-213-8067
US Toll Free	1-866-770-7129
Hong Kong Toll Free	800-96-3844
South China Toll Free	10-800-130-0399
North China Toll Free	10-800-152-1490
Passcode	63389994

Replay service is available from 11:00PM June 11 to 12:00PM, June 18, 2010. Below are the replay numbers for different regions. International Toll: 1-617-801-6888; US Toll Free: 1-888-286-8010; Replay passcode: 13515369. A live and archived webcast of the conference call will be available on the Investor Relations section of NetDragon's website at http://ir.netdragon.com/investor/ir_events.shtml. Participants in the live webcast should

visit the aforementioned website 10 minutes prior to the call, then click on the icon for “1Q 2010 Results Conference Call” and follow the registration instructions.

About NetDragon

NetDragon Websoft Inc. is a leading innovator and creative force in China’s online gaming industry. Established in 1999, NetDragon has been operating and developing a broad range of MMORPGs since launching its first self-made title *Monster & Me* in 2002. In addition, NetDragon is China’s pioneer in overseas expansion, having directly operated its titles in overseas markets since 2004 in English, French, Spanish and other foreign languages.

NetDragon’s game portfolio comprises a range of massively multiplayer online games that cater to various types of players and gaming preferences. Current offerings include the games *Way of the Five*, *Eudemons Online*, *Conquer Online*, *Zero Online*, *Heroes of Might & Magic Online*, *Disney Fantasy Online* and *Tian Yuan*. NetDragon also has several games currently in development, including *Dungeon Keeper Online*, *Doomsday*, *Cross Gate*, *Legend of the Dark* and a new version of *Ultima Online*.

For further information please contact:

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Financial Highlights:

RMB('000)	2010 1Q	2009 4Q	2009 1Q	QoQ (%)	YoY (%)
Revenue	139,476	134,190	173,898	3.9%	(19.8%)
Gross Profit	120,759	115,459	155,016	4.6%	(22.1%)
GPM	86.6%	86.0%	89.1%	0.5%	(2.6%)
Profit for the period	21,169	1,246	48,799	1599.0%	(56.6%)
NPM	15.2%	0.9%	28.1%	14.2%	(12.9%)
EPS-Basic (RMB cents)	4.03	0.27	9.31	1392.6%	(56.7%)
EPS-Diluted (RMB cents)	4.03	0.27	9.31	1392.6%	(56.7%)

Metrics

	1Q 2010	4Q 2009	3Q 2009	2Q 2009	1Q 2009	4Q 2008	3Q 2008
PCU	451,000	492,000	519,000	632,000	695,000	591,000	544,000
ACU	230,000	253,000	273,000	310,000	333,000	317,000	311,000

Note: Online games include Conquer Online, Eudemons Online, Zero Online, Tou Ming Zhuang Online, Heroes of Might and Magic Online, Way of the Five, Disney Fantasy Online, Tian Yuan and other games.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Three months ended		
	31/3/2010	31/12/2009	31/3/2009
	RMB '000	RMB '000	RMB '000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	139,476	134,190	173,898
Cost of revenue	(18,717)	(18,731)	(18,882)
Gross profit	120,759	115,459	155,016
Other income and gains	5,660	17,881	5,750
Selling and marketing expenses	(22,197)	(34,714)	(27,716)
Administrative expenses	(42,176)	(37,466)	(35,563)
Development costs	(39,739)	(58,208)	(42,574)
Other expenses	(928)	(1,368)	(243)
Net (loss) gain on derivative financial instruments	-	-	184
Net gain (loss) on financial assets designated as fair value through profit or loss	-	-	(1,138)
Share of loss of a jointly controlled entity	-	-	(214)
Profit before taxation	21,379	1,584	53,502
Taxation	(210)	(338)	(4,703)
Profit for the period	21,169	1,246	48,799
Other comprehensive income (loss):			
Exchange differences arising on translation of foreign operations	20	(64)	(1,041)
Total comprehensive income for the period	21,189	1,182	47,758
Profit for the period attributable to:			
- Owners of the Company	21,215	1,426	48,943
- Non-controlling interests	(46)	(180)	(144)
	21,169	1,246	48,799
Total comprehensive income attributable to:			
- Owners of the Company	21,235	1,362	47,902
- Non-controlling interests	(46)	(180)	(144)
	21,189	1,182	47,758
	RMB cents	RMB cents	RMB cents
Earnings per share			
- Basic	4.03	0.27	9.31
- Diluted	4.03	0.27	9.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	31 March 2010 (Unaudited) RMB '000	31 December 2009 (Audited) RMB '000
Non-current assets		
Property, plant and equipment	106,825	109,226
Prepaid lease payments	41,072	41,075
Deposit paid for acquisition of property, plant and equipment	8,895	8,895
Intangible asset	13,715	12,980
Interests in jointly controlled entities	-	-
Available-for-sale investments	4,000	4,000
Loan receivables (Staff loans)	6,712	7,313
Deferred tax assets	54	54
	181,273	183,543
Current assets		
Prepaid lease payments	626	855
Loan receivables (Staff loans)	674	893
Trade receivables	22,696	14,128
Other receivables, prepayments and deposits	58,500	66,272
Held for trading investments	256	377
Amount due from related parties	241	-
Advances to a jointly controlled entity	33,000	29,000
Tax recoverable	-	20
Bank deposits	448,470	551,970
Bank balances and cash	805,114	705,053
	1,369,577	1,368,568
Current liabilities		
Trade payables	332	285
Other payables and accruals	44,658	67,881
Deferred income	17,367	18,189
Income tax payable	9,916	9,935
	72,273	96,290
Net current assets	1,297,304	1,272,278
	1,478,577	1,455,821
Capital and reserve		
Share capital	39,264	39,264
Share premium and reserves	1,439,843	1,417,041
Equity attributable to owners of the Company	1,479,107	1,456,305
Non-controlling interests	(530)	(484)
	1,478,577	1,455,821