

[For Immediate Release]

NetDragon Websoft Inc. Announces Interim 2009 Results

[25 August 2009, 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 Interim 2009 unaudited financial results for the six-month period ended 30 June 2009. NetDragon will host a management conference call and webcast to review its results and recent developments, at 9:00am Hong Kong Time 26 August 2009, which corresponds to 9:00pm of 25 August Eastern Daylight Time.

1H 2009 Business Highlights

- Launched “Way of the Five” in March 2009
- Launched “The Warlords”, the English version of “Tou Ming Zhuang Online”, in April 2009
- Released Expansion Packs (EPs) for “Eudemons Online” and “Zero Online”, in various languages including English
- “Zero Online” launched in Thailand and Vietnam markets by local licensees in early 2009.
- Licensed the right to develop and operate a new version of “Ultima Online” in collaboration with Electronic Arts’ Mythic Entertainment
- Conducted closed-beta tests for “Tian Yuan” and “Disney Fantasy Online”
- Continued to witness healthy demand for in-house developed mobile software applications, such as “Panda Reader” and “91 Assistant”, with which NetDragon is targeting China’s emerging smart-phone users
- Continued to develop and offer the Chinese audience a diverse array of internet products and services via our integrated internet portal “91.com”
- Continued to recruit skilled managers and developers to raise the overall production capacity and product quality of our Group’s online game offerings, software applications, and other multimedia initiatives

Recent Developments

- Launched “Gold Edition: Heroes of Might and Magic Online” in July 2009
- Recognized as the “Most Valuable Enterprise in China’s Online Game Industry over the Past Ten Years” at the Ten-Year China Online Game Industry Award Ceremony in July 2009
- Released Expansion Pack (EP) for “Conquer Online” in English in July and Spanish in August

Chairman's Statement

Mr. Liu Dejian, Chairman and Executive Director of NetDragon, commented: "As we approach the 10th Anniversary of NetDragon's establishment, I am delighted with the progress and achievements attained by our Group. Since establishment, we have embarked on an R&D-focused mission to innovate and offer game aficionados and internet users entertaining, informative and practical products to enhance their lives. By focusing on creating our own IP, we were early-movers at home and able to make pioneering advances directly into overseas markets since 2004. These collective experiences have endowed NetDragon with the awareness and wherewithal to continue to successfully leverage our proprietary products at home and in various markets worldwide."

Mr. Liu concluded: "10 years into our mission, the 'future' as we imagined it in 1999 is now upon us all, and an even brighter and opportunity-laden future in online games and multimedia lies ahead. We have been investing in people and infrastructure over the past few years, thereby raising our R&D capacity and improving quality, as marked by numerous game launches, EPs and other product releases. As more and diversified content and products reach maturity, the direct monetization and cross-promotional potential is immense. We look forward to growing our product offerings and customer base in the years to come."

Business Outlook

- We commenced closed beta testing for "Tian Yuan" and "Disney Fantasy Online" and expect both titles to launch in 2009. Games in the pipeline also include "CJ7 Online" "Dungeon Keeper Online", and a new version of "Ultima Online", among others.
- We will continue to pursue myriad opportunities to create online games and online experiences based upon popular third-party intellectual property.
- We will continue to take a two-pronged approach to expanding overseas by directly operating localized games as well as licensing abroad. NetDragon expects to remain at the fore amongst China's online gaming companies in expanding beyond the home market.
- We will continue to enhance our production capabilities by streamlining our integrated model of operation, strengthen marketing efforts and channels management, and expand our product mix, in order to extend the life span of existing games and successfully debut new games.
- We will continue to closely monitor our cost structure and implement cost control procedures as deemed necessary, in order to raise organizational productivity, while remaining ever cognizant of our need to invest in future growth opportunities.

Management Conference Call

Dial-in details for the live conference call are as follows:

International Dial-In	+1 617 786 2961
US Toll free	+1 800 901 5231
HK Toll free	+800 96 3844

South China Toll free	10 800 130 0399
North China Toll free	10 800 152 1490
Participant Code	77179327

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.us/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 "2009 Interim Results Investor Conference Call" and follow the registration instructions. The archived webcast will be available for one year from the date of the original conference call.

Non-HKFRSs Financial Measures

To supplement the financial measures prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), this press release includes non-HKFRSs financial measures of normalized profit and normalized profit per share, which excludes the impact of government grants and tax refunds. The Group believes these non-HKFRSs financial measures are important to help investors to understand the Group's current financial performance and future prospects, compare business trends among different reporting periods on a consistent basis and access the Company's core operating results. These non-HKFRSs financial measures should be considered in addition to financial measures prepared in accordance with HKFRSs, but should not be considered a substitute for, or superior to, financial measures prepared in accordance with HKFRSs.

About NetDragon

NetDragon Websoft Inc. is one of the leading online game developers and operators in the PRC. The Group's game portfolio comprises a range of MMORPGs (Massively Multiplayer Online Role-Playing Games) that cater to various types of players and gaming preferences. The Group has successfully developed and marketed many popular online titles of various styles. Its current offerings include the games *Way of the Five*, *Eudemons Online*, *Conquer Online*, *Zero Online*, and *Heroes of Might and Magic Online*, among others. Some games are available in foreign languages, including English, French and Spanish. The Group also has several games currently in development, including *Tian Yuan*, *Disney Fantasy Online*, *CJ7 Online*, *Dungeon Keeper Online* and *Ultima Online*.

For further information please contact:

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Financial Highlights (unaudited)

(RMB Millions)	2Q 2009	1Q 2009	QoQ	1H 2009	1H 2008	YoY
Revenue	162.9	173.9	-6.3%	336.8	322.9	4.3%
Gross Profit	140.9	155.0	-9.1%	296.0	290.5	1.9%
GPM	86.5%	89.1%		87.9%	90.0%	
Profit for the period	17.6	48.8	-63.9%	66.4	115.2	-42.4%
NPM	10.8%	28.1%		19.7%	35.7%	
Basic EPS (RMB cents)	3.32	9.31	-64.3%	12.63	21.21	-40.5%
Normalized Profit ¹ (RMB)	16.1	48.9	-67.1%	65.1	114.0	-42.9%
Normalized Profit per share ¹ (RMB cents)	3.07	9.31	-67.0%	12.38	20.99	-41.0%
Interim Dividend per share (HKD)	--	--	--	0.082	0.100	-18%

¹ Non-HKFRSs presentation excluding government grants and income tax refund.

Metrics

	2Q2009	1Q2009	4Q2008	3Q2008	2Q2008	1Q2008
PCU	632,000	695,000	591,000	544,000	697,000	669,000
ACU	310,000	333,000	317,000	311,000	355,000	313,000

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

Consolidated Income Statement for the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Revenue	336,769	322,897
Cost of revenue	-40,806	-32,401
Gross profit	295,963	290,496
Other revenue and gains	29,818	15,781
Selling and marketing expenses	-67,195	-44,240
Administrative expenses	-80,518	-62,313
Development costs	-87,769	-35,630
Other operating expenses	-15,591	-19,295
Share of losses of associates	-724	-
Profit before income tax	73,984	144,799
Income tax expense	-7,592	-29,606
Profit for the period	66,392	115,193
Profit/(loss) for the period attributable to:		
Owners of the Company	66,392	115,305
Non-controlling interests	-	-112
	66,392	115,193
	<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share		
- Basic	12.63	21.21
- Diluted	12.62	N/A

Consolidated Statement of Financial Position as at 30 June 2009

	At 30 June 2009 (Unaudited) RMB'000	At 31 December 2008 (Audited) RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	108,981	96,160
Land use rights	13,178	7,362
Deposit paid for acquisition of property, plant and equipment	-	7,357
Intangible assets	11,087	10,754
Interests in associates	-	224
Available-for-sale financial asset	4,000	4,000
Loan receivables	6,480	6,835
Deferred tax assets	54	54
	143,780	132,746
Current assets		
Loan receivables	551	440
Trade and other receivables, prepayments and deposits	77,530	81,990
Financial assets at fair value through profit or loss	-	311,806
Derivative financial instruments	-	31,857
Loan to associates	26,000	-
Tax recoverable	77	108
Term deposits with initial term of over three months	525,087	629,454
Cash and cash equivalents	786,272	332,009
	1,415,517	1,387,664
Current liabilities		
Trade and other payables, accruals and deferred income	73,799	53,677
Income tax payable	14,097	12,922
	87,896	66,599
Net current assets	1,327,621	1,321,065
Total assets less current liabilities	1,471,401	1,453,811
Non-current liability		
Deferred tax liability	799	-
Net assets	1,470,602	1,453,811
EQUITY		
Share capital	39,264	39,264
Reserves	1,431,338	1,414,547
Equity attributable to owners of the Company/Total equity	1,470,602	1,453,811