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NetDragon Websoft Inc.

(incorporated in the Cayman Islands with limited liability)

(Stock code on GEM: 8288)

(Stock code on Main Board: 777)

CLARIFICATION OF A NEWSPAPER ARTICLE

The Directors wish to make a clarification in relation to a newspaper article published on Hong Kong Daily News on 10 June 2008 relating to certain statements made by Mr. Wu, the Chief Financial Officer of the Company, in respect of the business development of the Group.

Statements made by Mr. Wu, the Chief Financial Officer of the Company, in the Article should not be interpreted as the opinion or the view of the Directors and the Company.

The Directors further clarify that the Listing Document is accurate and complete in all material respects and not misleading or deceptive pursuant to Rules 2.13 and 11.12 of the Main Board Listing Rules; and there is neither (a) significant change affecting any matter contained in the Listing Document; nor (b) significant new matter that has arisen, the inclusion of information in respect of which, would have been required to be included in the Listing Document.

Potential investors should make any investment decision only after careful review and evaluation of all the information contained in the Listing Document. The Company and the Directors accept full responsibility for the accuracy and completeness of the information contained in the Listing Document and this announcement.

It is noted that on 10 June 2008, an article in **Hong Kong Daily News** (the “Article”) reported that certain statements made by Mr. Wu Chak Man (“Mr. Wu”), the Chief Financial Officer of NetDragon Websoft Inc. (the “Company”, together with its subsidiaries, the “Group”), in respect of the business development of the Group.

The Article reported that “***the Group may spin-off its overseas business for overseas listing***”.

The directors of the Company (the “Directors”) would like to clarify that the Group has no immediate or concrete plan and has not entered into any agreement or arrangement in relation to the spin-off of its overseas business in overseas market as at the date of this announcement.

The Article also reported that ***“the Chinese language market and foreign language market represented 75% and 25% of the Group’s operation respectively”***.

As set out under the section headed “Business” in the listing document of the Company dated 27 May 2008 (the “Listing Document”), revenue generated from non-Chinese language players of the Group amounted to approximately RMB20.6 million, RMB41.6 million and RMB120.6 million for each of the three years ended 31 December 2007. The “Financial information” section of the Listing Document also stated that revenue generated from non-Chinese language market amounted to approximately RMB120.6 million representing approximately 18.7% of the total revenue for the year ended 31 December 2007. Based on the financial information contained in the accountants’ report of the Group in Appendix I to the Listing Document, revenue generated from non-Chinese language market amounted to approximately RMB41.6 million representing approximately 34.1% of the total revenue for the year ended 31 December 2006.

The Article also reported that ***“the Group will use 10% to 15% of its income for research and development expenditure every years”***.

As set out in the section headed “Financial information” in the Listing Document, development costs of the Group for the two years ended 31 December 2007 represent approximately 10.5% and 5.8% of the revenue of the Group for the two years ended 31 December 2007 respectively.

The Article further reported that ***“the Group targets to maintain 20% to 30% growth this year”***.

The Listing Document did not include any profit forecast.

The Directors would like to clarify that they had not and did not authorize Mr. Wu to present any forecast of income or profit of the Group for the year ending 31 December 2008 to the press.

All the above statements made by Mr. Wu, the Chief Financial Officer of the Company, in the Article should not be interpreted as the opinion or the view of the Directors and the Company.

The Directors further clarify that the Listing Document is accurate and complete in all material respects and not misleading or deceptive pursuant to Rules 2.13 and 11.12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”); and there is neither (a) significant change affecting any matter contained in the Listing Document; nor (b) significant new matter that has arisen, the inclusion of information in respect of which, would have been required to be included in the Listing Document.

Potential investors should read the entire Listing Document carefully and the Directors strongly caution investors not to place any reliance on any other information (including the information contained in the Article or other media), which may not be consistent with the information contained in the Listing Document, or may not be accurate and complete.

Potential investors should make any investment decision only after careful review and evaluation of all the information contained in the Listing Document. The Company and the Directors accept full responsibility for the accuracy and completeness of the information contained in the Listing Document and this Announcement.

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

Hong Kong, 12 June 2008

As at the date of this announcement, the board of Directors comprises:

Executive Directors:

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

Non-executive Director:

Mr. Lin Dongliang

Independent non-executive Directors:

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

This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.nd.com.cn.