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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

## **NetDragon Websoft Inc.**

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

### **LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF INTERNATIONAL PLACING**

**Number of Placing Shares : 95,600,000 new Shares and 12,400,000 Sale Shares  
(subject to the Over-allotment Option)**

**Placing Price : HK\$13.18 per Share**

**Nominal value : US\$0.01 each**

**Stock code : 8288**

*Global Coordinator and Bookrunner*

# **BEAR STEARNS**

**Bear Stearns Asia Limited**

*Joint Sponsors*

**BEAR  
STEARNS**

**Bear Stearns Asia Limited**



**First Shanghai Capital Limited**

*Joint Lead Managers*

**BEAR  
STEARNS**

**Bear Stearns Asia Limited**



**First Shanghai Securities Limited**

- The 108,000,000 Shares initially available for subscription under the International Placing were very significantly over-subscribed. Apart from the 108,000,000 Shares available for subscription under the International Placing, Bear Stearns (for itself and on behalf of the Underwriters) has over-allocated an aggregate of 16,200,000 Shares under the International Placing. Bear Stearns has entered into stock borrowing arrangements with DJM Holding Ltd..
- The Company has granted to Bear Stearns (for itself and on behalf of the Underwriters) the Over-allotment Option exercisable at any time within 30 days after the Listing Date, to require the Company to allot and issue, at the Placing Price, up to an additional 16,200,000 Shares, representing 15% of the Placing Shares initially available for subscription under the International Placing. The price of the Placing Shares may be stabilised in accordance with the Securities and Futures (Price Stabilising) Rules under the SFO, details of which are contained in the Prospectus. In the event that the Over-allotment Option is exercised, the Company will issue a separate announcement accordingly.
- The 108,000,000 Shares have been very significantly over-subscribed for and were conditionally allocated under the International Placing to a total of 304 professional, institutional and private investors. All placees under the International Placing are independent of, not connected and not acting in concert with the Directors, Initial Management Shareholders, Significant Shareholders or chief executive of the Company or any of its subsidiaries, and their respective associates within the meaning of the GEM Listing Rules or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing.
- Immediately after the completion of the International Placing, the public float of the Company will be approximately 28.9% of the enlarged issued share capital of the Company (assuming there is no exercise of the Over-allotment Option or options to be granted pursuant to the Share Option Scheme).
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares in the secondary market. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**
- Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 2 November 2007.

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

## **PLACING PRICE**

The Placing Price is HK\$13.18 per Share (excluding brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the International Placing are estimated to be approximately HK\$1,173.9 million.

## **LEVEL OF INTERESTS UNDER THE INTERNATIONAL PLACING**

The 108,000,000 Shares initially available for subscription under the International Placing were very significantly over-subscribed. Apart from the 108,000,000 Shares available for subscription under the International Placing, Bear Stearns (for itself and on behalf of the Underwriters) has over-allocated an aggregate of 16,200,000 Shares under the International Placing. Bear Stearns has entered into stock borrowing arrangements with DJM Holding Ltd..

The Company has granted to Bear Stearns (for itself and on behalf of the Underwriters) the Over-allotment Option exercisable at any time within 30 days after the Listing Date, to require the Company to allot and issue, at the Placing Price, up to an additional 16,200,000 Shares, representing 15% of the Placing Shares initially available for subscription under the International Placing. The price of the Placing Shares may be stabilised in accordance with the Securities and Futures (Price Stabilising) Rules under the SFO, details of which are contained in the Prospectus. In the event that the Over-allotment Option is exercised, the Company will issue a separate announcement accordingly. If the Over-allotment Option is exercised in full, the aggregate number of Shares to be issued pursuant thereto will represent approximately 3.00% of the enlarged issued share capital of the Company following the completion of the International Placing and full exercise of the Over-allotment Option (assuming there is no exercise of options to be granted pursuant to the Share Option Scheme).

## RESULTS OF ALLOCATION

The 108,000,000 Shares have been very significantly over-subscribed for and were conditionally allocated under the International Placing to a total of 304 professional, institutional and private investors. The distribution of the Placing Shares are set out below:

|                | <b>Aggregate<br/>number of<br/>Placing<br/>Shares held</b> | <b>Approximate<br/>percentage of<br/>the total<br/>number of<br/>Placing Shares<br/>(including<br/>over-allocation<br/>of 16,200,000<br/>Shares)</b> | <b>Approximate<br/>percentage of<br/>shareholding over<br/>the enlarged issued<br/>share capital of the<br/>Company immediately<br/>after completion of<br/>the Placing</b> |
|----------------|--|--|---|
| Top placee     | 4,250,000  | 3.4%   | 0.8%  |
| Top 5 placees  | 18,650,000   | 15.0%  | 3.5%  |
| Top 10 placees | 29,742,000   | 23.9%  | 5.5%  |
| Top 25 placees | 49,480,000   | 39.8%  | 9.2%  |

### Number of Placing Shares allocated

### Number of placees

|                        |            |
|------------------------|------------|
| 5,000 to 100,000       | 143        |
| 100,001 to 250,000     | 22         |
| 250,001 to 500,000     | 75         |
| 500,001 to 1,000,000   | 44         |
| 1,000,001 to 1,500,000 | 9          |
| 1,500,001 to 2,000,000 | 2          |
| 2,000,001 to 3,000,000 | 5          |
| 3,000,001 to 4,000,000 | 1          |
| 4,000,001 to 5,000,000 | <u>3</u>   |
|                        | <u>304</u> |

All placees under the International Placing are independent of, not connected and not acting in concert with the Directors, Initial Management Shareholders, Significant Shareholders or chief executive of the Company or any of its subsidiaries, and their respective associates within the meaning of the GEM Listing Rules or any person or group of persons as stated in Rules 10.12(4) of the GEM Listing Rules or any nominees of the foregoing.

**Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares in the secondary market. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **MINIMUM PUBLIC FLOAT REQUIREMENT**

Pursuant to Rule 11.23(1) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 20% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Immediately after the completion of the International Placing, the public float of the Company will be approximately 28.9% of the enlarged issued share capital of the Company (assuming there is no exercise of the Over-allotment Option or options to be granted pursuant to the Share Option Scheme).

## **DEPOSIT OF SHARE CERTIFICATES INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after the date on which the relevant securities transactions are effected on the Stock Exchange. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on or before Thursday, 1 November 2007 for credit to the respective CCASS participants' stock accounts or investor participants' stock accounts of the Underwriters, the placees or their agents (as the case may be). If any events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" of the Prospectus occur at any time at or prior to 8:00 a.m. on the Listing Date, Bear Stearns (for itself and on behalf of the Underwriters) is entitled to terminate the obligations of the Underwriters under the Underwriting Agreement by notice in writing to the Company, and should this happen, an announcement will be made by the Company on the GEM website and the Company's website at [www.nd.com.cn](http://www.nd.com.cn) accordingly.

## COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 2 November 2007. If there is any change to the expected timetable, an announcement will be made immediately by the Company on the GEM website and the Company's website at [www.nd.com.cn](http://www.nd.com.cn). The Shares will be traded in board lots of 500 Shares.

By order of the Board  
**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, 1 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.*