

[For Immediate Release]

NetDragon Websoft Inc. Announces First Quarter 2011 Unaudited Financial Results

Net Profit Rises 269.9% Sequentially - Online Games & Mobile Internet Businesses Maintain Growth Momentum

[15 June, 2011, Hong Kong] NetDragon Websoft Inc. ("NetDragon", 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, 2011. Additionally, a management conference call and live webcast is scheduled at 8:00 PM Hong Kong time, June 15, 2011 to review financial results and recent business developments.

First Quarter 2011 Financial and Operational Highlights

- Total revenues were approximately RMB 150.7 million, an increase of 4.7% over fourth quarter 2010
- Gross profit was approximately RMB 136.1 million, an increase of 5.2% over fourth quarter 2010; gross margin was 90.3%, up from 89.8% in fourth quarter 2010
- Mobile Internet business income was approximately RMB 6.1 million, an increase of 45.8% over fourth quarter 2010
- Net profit was approximately RMB 34.7 million, an increase of 269.9% over fourth quarter 2010; net profit margin was 23.0%, up from 6.5% in the fourth quarter 2010
- Basic earnings per share (EPS) were RMB 6.57 cents, diluted EPS were RMB 6.57 cents
- Average concurrent users ("ACU") for online games were 246,000, an increase of 6.0% over the fourth quarter 2010
- Peak concurrent users ("PCU") for online games were 546,000, an increase of 0.7% over the fourth quarter 2010

Mr. Liu Dejian, Chairman and Executive Director of NetDragon, stated, "This quarter, we achieved a net profit of RMB 34.7 million, indicating an approximately 269.9% Q-to-Q increase. Our game business recorded steady gains amid fierce competition in the first quarter, driven by stable growth from our flagship products Conquer Online and Eudemons Online. In addition, the new expansion pack ("EP") "Soul of Steel" for Zero Online gave players more choices of profession. The EP "The Returning Light" for French, Spanish and Arabic versions of Conquer Online helped NetDragon remain one of the best Chinese online game operator in overseas markets. All of these make us feel more confident in the online game business. To cope with increasingly intensified homogeneous competition in the online game market, we will deliver prominent products that could differentiate themselves from competitors by combing better engines and improved technologies with more popular themes."

"Our mobile Internet business income reached approximately RMB 6.1million for the first quarter of this year, close to that for the whole year 2010. The business' strategic position in the company is becoming increasingly prominent and it is expected to rapidly develop as a new growth point for the company. Our mobile Internet business income grew significantly, while the number of users of the business' mobile phone software series was continuing to steadily increase. As of the end of March 2011, the total number of users of the 91 Series mobile phone software hit a new record. Currently, the 91 Series mobile phone software is more prominently showing its advantages in channels and its user activity continues to improve. As more content providers, advertisers, mobile phone vendors and small and medium-sized developers are kicking off in-depth cooperation with us, we believe that our mobile Internet business will achieve greater development."

First Quarter 2011 Business Highlights

- The new EP "Soul of Steel" for Zero Online was released.
- The French, Spanish and Arabic versions of Conquer Online's EP "The Returning Light" were launched.
- As the only product in the marketplace that supports all mainstream smart mobile platforms, the concept version of 91 PC Suite was launched and has received a good response from the market.

Recent Developments

- The new EP "Edge of Night" for Eudemons Online, released in April 2011, has generated excitement among new and existing players, driving the maximum number of the game's concurrent users to hit a new record high in four years.

- The EP “Demon Rising” for the traditional Chinese version of Eudemons Online was launched in Malaysia in May 2011.
- In April, NetDragon entered into a strategic cooperation agreement with Japan’s largest social game developer DeNA to share their mobile phone game resources and distribution platform.
- On April 28, 2011, NetDragon granted a total of 16,090,900 share options to its core members, outstanding employees and other eligible participants . The move aims to ensure the continuing growth and success of NetDragon by implementing a medium-and long-term equity incentive plan within the company.
- On May 24, NetDragon paid a final dividend of HK\$0.02 per share for the year ended December 31, 2010, with dividend payments in cash totaling approx. RMB8,994,000.
- On May 30, NetDragon’s indirectly wholly-owned subsidiary 91 Limited entered into the share purchase agreement with members of the IDG Group on the issuance and sale of 15,384,000 preferred shares for a total consideration of US\$3,999,840 (approximately HK\$31,200,000). The preferred shares sold will represent all preferred shares that 91 Limited issued and account for approximately 17.9% of all the outstanding shares of 91 Limited upon the full conversion of the preferred shares.

Business Outlook

- New EPs for Conquer Online and Zero Online are expected to be introduced in the second half of 2011.
- NetDragon’s first 3D MMORPG, World of Dungeon Keeper, is expected to enter open beta testing in the second half of 2011.
- NetDragon’s first 2D “beat-em-up” side scroller, icombo, is expected to enter open beta testing in the second half of 2011.
- NetDragon’s first “first-person shooter” game, Absolute Force, is expected to enter open beta testing in the second half of 2011.
- The action-oriented PC online game TRANSFORMERS Online is expected to officially roll-out in 2011 in China .
- NetDragon will continue to build up the platform strategy for 91 PC Suite, to maintain its leading presence in Chinese market place.

Financial Highlights:

RMB('000)	1Q 2011	4Q 2010	1Q 2010	QoQ(%)	YoY(%)
Revenue	150,656	143,957	139,476	4.7%	8.0%
Gross Profit	136,113	129,339	120,759	5.2%	12.7%
GPM	90.3%	89.8%	86.6%	0.5%	3.7%
Profit for the period	34,672	9,373	21,169	269.9%	63.8%
NPM	23.0%	6.5%	15.2%	16.5%	7.8%
EPS-Basic (RMB cents)	6.57	1.76	4.03	273.3%	63.0%
EPS-Diluted (RMB cents)	6.57	1.76	4.03	273.3%	63.0%

Metrics

	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
PCU	546,000	542,000	589,000	449,000	451,000
ACU	246,000	232,000	226,000	217,000	230,000

Note 1: 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

Management Conference Call

NetDragon will host a management conference call and webcast to review its results and recent developments, at 8:00PM Hong Kong Time, which corresponds to 8:00AM Eastern Daylight Time, 15 June, 2011.

Details of the conference call are as follows:

Time: 8:00PM Hong Kong Time / 8:00AM Eastern Daylight Time, 15 June, 2011

Dial in numbers:

International Toll	1-617-614-2712
US Toll Free	1-800-659-2032
Hong Kong Toll Free	800-96-3844
South China Toll Free/China Telecom	10-800-130-0399
North China Toll Free/China Telecom	10-800-152-1490
China Toll	4008-8116-29/4008-8116-30
Passcode	656-625-02

Replay service is available from 11:00PM June 15 to 12:00PM, June 22, 2011. Below are the replay numbers for different regions. International Toll: **617-801-6888**; US Toll Free: **888-286-8010**; Replay passcode: **48-827-168**. 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 2011 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 and mobile internet industries. Established in 1999, we are a vertically integrated developer & operator of MMORPGs and a cutting-edge R&D powerhouse. We launched our first self-made online game *Monster & Me* in 2002, followed by multiple titles including *Eudemons Online*, *Conquer Online*, *Heroes of Might & Magic Online* and *Disney Fantasy Online*. We are also China's pioneer in overseas expansion, directly operating titles in overseas markets since 2004 in English, Spanish, Arabic and other languages. Our online games currently in development include *World of Dungeon Keeper*, *TRANSFORMERS Online*, *icombo* (previously named as *Cross Gate*), and a new version of *Ultima Online*.

In the mobile internet industry, we provide China's leading marketplace for smartphone users, offering applications and content for the most popular mobile operating systems. NetDragon currently offers its 91 portal, 91 PC Suite & 91 Panda Space, *hipak.com*, Android market and Android ROM as its 5 major application distribution channels and two digital content distribution channels including 91 Panda Reader and Panda Home.

For further information please contact:

NetDragon Websoft Inc.

Ms. Maggie Zhou (Investor Relations Department)

Tel: +86 591 8754 3120

+86 591 8390 2825

Email: maggie@nd.com.cn

ir@nd.com.cn

Website: www.nd.com.cn/ir

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Condensed Consolidated Statement of Comprehensive Income
For the three months ended 31 March 2011

	Three Months Ended		
	31 March 2011 (Unaudited) RMB'000	31 December 2011 (Unaudited) RMB'000	31 March 2010 (Unaudited) RMB'000
Revenue	150,656	143,957	139,476
Cost of revenue	(14,543)	(14,618)	(18,717)
Gross profit	136,113	129,339	120,759
Other income and gains	16,011	37,353	5,660
Selling and marketing expenses	(25,318)	(24,280)	(22,197)
Administrative expenses	(46,591)	(49,783)	(42,176)
Development costs	(40,577)	(49,891)	(39,739)
Other expenses	(1,885)	(5,552)	(928)
Profit before taxation	37,753	37,186	21,379
Taxation	(3,081)	(27,813)	(210)
Profit for the period	34,672	9,373	21,169
Other comprehensive (expense) income:			
Exchange differences arising on translation of foreign operations	(172)	(151)	20
Gain on revaluation of property	-	673	-
Total comprehensive income for the period	34,500	9,895	21,189
Profit for the period attributable to:			
- Owners of the Company	34,612	9,292	21,215
- Non-controlling interests	60	81	(46)
	34,672	9,373	21,169
Total comprehensive income attributable to:			
- Owners of the Company	34,440	9,814	21,235
- Non-controlling interests	60	81	(46)
	34,500	9,895	21,189
Earnings per share	RMB cents	RMB cents	RMB cents
-Basic	6.57	1.76	4.03
-Diluted	6.57	1.76	4.03

Condensed Consolidated Statement of Financial Position
As at 31 March 2011

	31 March 2011 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Non-current assets		
Property, plant and equipment	133,225	128,534
Prepaid lease payments	87,405	87,753
Investment property	14,908	14,551
Deposit paid for acquisition of property, plant and equipment	19,050	19,050
Intangible assets	12,806	13,136
Interests in jointly controlled entities	-	-
Available-for-sale investments	4,000	4,000
Loan receivables	5,819	5,819
Deferred tax assets	54	54
	277,267	272,897
Current assets		
Prepaid lease payments	1,784	1,784
Loan receivables	663	893
Trade receivables	35,378	24,393
Other receivables, prepayments and deposits	54,973	40,072
Held for trading investments	187	1,079
Amounts due from related companies	1,280	171
Bank deposits	340,828	340,828
Bank balances and cash	885,175	877,823
	1,320,268	1,287,043
Current liabilities		
Trade payables	544	519
Other payables and accruals	57,557	58,218
Deferred income	23,953	23,119
Amount due to a shareholder	5,328	5,328
Income tax payable	23,711	21,599
	111,093	108,783
Net current assets	1,209,175	1,178,260
	1,486,442	1,451,157
Capital and reserves		
Share capital	39,264	39,264
Share premium and reserves	1,447,658	1,412,433
	1,486,922	1,451,697
Equity attributable to owners of the Company	1,486,922	1,451,697
Non-controlling interests	(480)	(540)
	1,486,442	1,451,157