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NetDragon Websoft Inc.

網龍網絡有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 777)

ANNOUNCEMENT

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE MOBILE INTERNET BUSINESS ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Board wishes to notify shareholders and potential investors of the Company that the Board is considering the feasibility of the Proposed Spin-Off and the separate listing of the mobile Internet business on the Growth Enterprise Market of the Stock Exchange.

The Proposed Spin-Off is subject to, among other things, the approval of the Stock Exchange and the final decision of the Board. Accordingly, shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-Off will take place and, if so, when it may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

THE PROPOSED SPIN-OFF

The board (the “**Board**”) of directors of NetDragon Websoft Inc. (the “**Company**”) wishes to notify shareholders and potential investors of the Company that the Board is considering the feasibility of a proposed spin-off (the “**Proposed Spin-Off**”) and separate listing of the mobile Internet business on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Proposed Spin-Off, if it proceeds, may constitute a notifiable transaction under Chapter 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange. The Company will make further announcement(s) in relation to the Proposed Spin-Off in accordance with the requirements of the Listing Rules as and when appropriate.

The Proposed Spin-Off is subject to, among other things, the approval of the Stock Exchange and the final decision of the Board. Accordingly, shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-Off will take place and, if so, when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

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

Hong Kong, 28 December 2012

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Liu Dejian, Mr. Liu Luyuan, Mr. Zheng Hui and Mr. Chen Hongzhan; one non-executive director, namely Mr. Lin Dongliang; and three independent non-executive directors, namely Mr. Chao Guowei, Charles, Mr. Lee Kwan Hung and Mr. Liu Sai Keung, Thomas.