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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)

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

Reference is made to the announcement (the “**Announcement**”) of NetDragon Websoft Inc. (the “**Company**”) dated 28 December 2012 in relation to, inter alia, the Proposed Spin-off and the separate listing (the “**Listing**”) of the mobile Internet business of the Company and its subsidiaries (the “**Group**”) on the Growth Enterprise Market of the Stock Exchange. This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), Rule 13.09(2)(a) of the Listing Rules and Practice Note 15 of the Listing Rules (“**PN15**”). Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the Announcement.

The Company submitted a spin-off proposal (the “**Spin-off Proposal**”) to the Stock Exchange pursuant to PN15. On 6 February 2013, the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off, subject to the condition that the Group’s audited financial information for the year ended 31 December 2012 will not significantly differ from the Group’s unaudited financial information to the extent that the remaining Group (i.e. the Group excluding the group of companies engaging in the mobile Internet business) cannot meet the minimum profit requirement under Rule 8.05 of the Listing Rules. Barring any unforeseen circumstances and depending on market condition, the Company will proceed to submit the listing application (form 5A) to the Stock Exchange as soon as practicable and make announcement as and when required under the Listing Rules.

The Listing is subject to, among other things, the listing approval from the Stock Exchange being obtained and the final decisions of the Board. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Listing will take place or as to 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, 6 February 2013

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.