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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the Group's unaudited consolidated management accounts for the three months ended 31 March 2013 and information currently available to the Board, the Group expects to record a significant increase in the net profit of the Company for the three months ended 31 March 2013 mainly due to (i) an attractive growth in its revenue and operating profit; and (ii) a gain arising on change of fair value of the redeemable convertible preferred shares as compared with the corresponding quarter in 2012 and the three months ended 31 December 2012.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by NetDragon Websoft Inc. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Listing Rules.

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the Group's unaudited consolidated management accounts for the three months ended 31 March 2013 and information currently available to the Board, the Group expects to record a significant increase in the net profit of the Company for the three months ended 31 March 2013 mainly due to (i) an attractive growth in its revenue and operating profit; and (ii) a gain arising on change of fair value of the redeemable convertible preferred shares as compared with the corresponding quarter in 2012 and the three months ended 31 December 2012. The extent of the increase has yet to be ascertained as at the date of this announcement.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the three months ended 31 March 2013 and information currently available whereas such information has not been audited, confirmed and/or reviewed by the auditor of the Company. It is, therefore, subject to finalization and necessary adjustments. Shareholders of the Company and potential investors are advised to read carefully the first quarterly results announcement of the Company for the three months ended 31 March 2013 which is expected to be announced on or around 29 May 2013.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 May 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.