

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at 31 August 2007 of the property interests of the Group.



Corporate valuation and consultancy
www.sallmanns.com



22nd Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong
Tel: (852) 2169 6000
Fax: (852) 2528 5079

23 October 2007

The Board of Directors
NetDragon Websoft Inc.
908, Hutchison House
10 Harcourt Road
Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which NetDragon Websoft Inc. (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) have interests in the People’s Republic of China (the “PRC”) and USA, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 August 2007 (the “date of valuation”).

Our valuations of the property interests represent the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

We have valued the property interest in Group I by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

We have attributed no commercial value to the property interests in Groups II to IV which are leased or to be leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”); the RICS Appraisal and Valuation Standards (5th Edition May 2003) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition January 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been, in some instances, provided by the Group with copies of Stated-owned Land Use Rights Certificates, Building Ownership Certificates or tenancy agreements relating to the properties in the PRC and USA. Where possible, we have searched the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the properties or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company’s PRC legal adviser — Dacheng Law Offices, concerning the validity of the Group’s titles to the property interests.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 24 years' experience in the valuation of properties in the PRC and 27 years of property valuation experience in Hong Kong, the United Kingdom, USA and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I — PROPERTY INTEREST OWNED AND OCCUPIED BY THE GROUP IN THE PRC

No. Property	Capital value in existing state as at 31 August 2007 RMB
1. Units 1707 and 2203 Jinyuan Garden located at the west of Liuyibei Road Gulou District Fuzhou City Fujian Province The PRC	1,400,000
Sub-total:	1,400,000

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP
IN THE PRC

No. Property	Capital value in existing state as at 31 August 2007 RMB
2. Portions of level 1, level 2 and level 3 851 Building No. 58 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	No commercial value
3. Hua Quan Building Hot Spring Guesthouse No. 39 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	No commercial value

APPENDIX III**PROPERTY VALUATION**

No. Property	Capital value in existing state as at 31 August 2007 RMB
4. Units Nos. 208 and 303 Productivity Promotion Centre No. 8 Xingfa Road Mawei District Fuzhou City Fujian Province The PRC	No commercial value
5. Unit No. 3501 Zhaofeng Plaza No. 1027 Changning Road Changning District Shanghai The PRC	No commercial value
	<hr/>
	Sub-total: <hr/> Nil

GROUP III — PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN USA

No. Property	Capital value in existing state as at 31 August 2007 RMB
6. Suite 180, 21660 East Copley Dr., Diamond Bar, CA 91765 USA	No commercial value
	<hr/>
	Sub-total: <hr/> Nil

GROUP IV — PROPERTY INTEREST INTENDED TO BE RENTED BY THE GROUP IN THE PRC

No. Property	Capital value in existing state as at 31 August 2007 RMB
7. New 851 Building No. 58 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	No commercial value
Sub-total:	<hr/> Nil
Grand-total:	<hr/> 1,400,000 <hr/>

VALUATION CERTIFICATE

GROUP I — PROPERTY INTEREST OWNED AND OCCUPIED BY THE GROUP
IN THE PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 <i>RMB</i>
1. Units 1707 and 2203 Jinyuan Garden located at the west of Liuyibei Road Gulou District Fuzhou City Fujian Province The PRC	<p>The property comprises 2 residential units on levels 17 and 22 of a 31-storey composite building completed in 1990s.</p> <p>The property has a total gross floor area of approximately 253.21 sq.m.</p> <p>The land use rights of the property were granted for a term expiring on 28 September 2062 for residential use.</p>	The property is currently occupied by the Group for residential purpose.	1,400,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Rong Gu Guo Yong (2007) Di Nos. 00282711723 and 00282712003, the land use rights of the property with a total apportioned site area of approximately 20.3 sq.m. were granted to Fujian TQ Digital Inc for a term expiring on 28 September 2062 for residential use.
2. Pursuant to 2 Building Ownership Certificates — Rong Fang Quan Zheng R Zi Di Nos. 0729024 and 0730925, the building ownership rights of the property with a total gross floor area of approximately 253.21 sq.m. are held by Fujian TQ Digital Inc.
3. Fujian TQ Digital Inc is an indirect wholly-owned subsidiary of the Company.
4. Pursuant to 2 Real Estate Sale and Purchase Contracts, the property with a total gross floor area of approximately 253.21 sq.m. was purchased at a total consideration of RMB1,380,000.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - (i) The Company has legally obtained both the state-owned land use rights and building ownership rights of the property, and has the rights to use and occupy the property in accordance with the valid term and usages stipulated by the title certificates;
 - (ii) The Company has the rights to transfer, lease, mortgage or otherwise dispose of the property; and
 - (iii) The property is not subject to mortgage and any other encumbrances.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP
IN THE PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 RMB
2. Portions of level 1, level 2 and level 3 851 Building No. 58 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	<p>The property comprises portions of level 1, level 2 and level 3 of a 3-storey office building completed in about 1991.</p> <p>The property has a total lettable area of approximately 803 sq.m.</p> <p>The property is leased to the Group for a term of 3 years commencing from 1 July 2007 and expiring on 30 June 2010 at a total annual rental of RMB270,000 exclusive of water, electricity and telephone charges.</p>	The property is currently occupied by the Group for office and research purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement (“Tenancy Agreement A”) entered into between Fuzhou Yangzhenhua 851 Bio-Engineering Research Inc. (the “Lessor”), a connected party of the Company, and Fujian TQ Digital Inc (“Lessee A”) dated 30 May 2007, portions of level 1, level 2 and level 3 of an office building with a total lettable area of approximately 714 sq.m. are leased to Lessee A for a term of 3 years commencing from 1 July 2007 and expiring on 30 June 2010 at an annual rental of RMB240,000 exclusive of water, electricity and telephone charges.
2. Pursuant to a tenancy agreement (together with the Tenancy Agreement A collectively named as “Tenancy Agreements”) entered into between Fuzhou Yangzhenhua 851 Bio-Engineering Research Inc. (the “Lessor”) and Fujian NetDragon Websoft Co., Ltd. (“Lessee B”) dated 30 May 2007, portion of level 1 of an office building with a lettable area of approximately 89 sq.m. is leased to Lessee B for a term of 3 years commencing from 1 July 2007 and expiring on 30 June 2010 at an annual rental of RMB30,000 exclusive of water, electricity and telephone charges.
3. Fujian TQ Digital Inc is an indirect wholly-owned subsidiary of the Company.
4. Fujian NetDragon Websoft Co., Ltd. is, through certain contracts entered into with Fujian TQ Digital Inc, a member of the Group.
5. We have been provided with a legal opinion on the legality of the tenancy agreements to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - (i) The Lessor has legally obtained both the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property, and has the rights to lease the property;
 - (ii) The Company has the rights to use the property and the actual uses of the property are in compliance with the permitted uses stated in relevant title certificates;
 - (iii) The Tenancy Agreements are legal and valid; and
 - (iv) The Tenancy Agreements have been registered.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 RMB
3. Hua Quan Building Hot Spring Guesthouse No. 39 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	<p>The property comprises a 2-storey office building completed in about 1999.</p> <p>The property has a lettable area of approximately 2,000 sq.m.</p> <p>The property is leased to the Group for a term commencing from 21 March 2005 and expiring on 21 March 2008 at a monthly rental of RMB83,300 exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a tenancy agreement (“Tenancy Agreement”) entered into between 福建省溫泉賓館 (Hot Spring Hotel of Fujian Province) (the “Lessor”), an independent third party, and Fujian TQ Digital Inc (the “Lessee”) dated 18 March 2005, the property is leased to the Lessee for a term commencing from 21 March 2005 and expiring on 21 March 2008 at a monthly rental of RMB83,300 exclusive of water and electricity charges.
2. Fujian TQ Digital Inc is an indirect wholly-owned subsidiary of the Company.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - (i) The Lessor has the rights to lease the property;
 - (ii) The Company has the rights to use the property and the actual uses of the property are in compliance with the permitted uses stated in relevant title certificates; and
 - (iii) The Tenancy Agreement is legal and valid.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 RMB
4. Units Nos. 208 and 303 Productivity Promotion Centre No. 8 Xingfa Road Mawei District Fuzhou City Fujian Province The PRC	<p>The property comprises 2 office units on level 2 and level 3 of a 9-storey office building completed in about 2002.</p> <p>The property has a total lettable area of approximately 350 sq.m.</p> <p>The property is leased to the Group for a term of 1 year commencing from 1 January 2007 and expiring on 31 December 2007 at a total monthly rental of RMB3,500 exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a tenancy agreement (“Tenancy Agreement A”) entered into between 福州開發區火炬高新技術創業園有限公司 (Huoju High Technology Growth Enterprise Zone Company Limited of Fuzhou Development Zone) (the “Lessor”), an independent third party, and Fujian TQ Digital Inc (“Lessee A”) dated 1 January 2007, unit no. 208 with a lettable area of approximately 250 sq.m. is leased to Lessee A for a term of 1 year commencing from 1 January 2007 and expiring on 31 December 2007 at a monthly rental of RMB2,500 exclusive of water and electricity charges.
2. Pursuant to a tenancy agreement (together with the Tenancy Agreement A collectively named as “Tenancy Agreements”) entered into between 福州開發區火炬高新技術創業園有限公司 (Huoju High Technology Growth Enterprise Zone Company Limited of Fuzhou Development Zone) (the “Lessor”) and Fujian NetDragon Websoft Co., Ltd. (“Lessee B”) dated 1 January 2007, unit no. 303 with a lettable area of approximately 100 sq.m. is leased to Lessee B for a term of 1 year commencing from 1 January 2007 and expiring on 31 December 2007 at a monthly rental of RMB1,000 exclusive of water and electricity charges.
3. Fujian TQ Digital Inc is an indirect wholly-owned subsidiary of the Company.
4. Fujian NetDragon Websoft Co., Ltd. is, through certain contracts entered into with Fujian TQ Digital Inc, a member of the Group.
5. We have been provided with a legal opinion on the legality of the tenancy agreements to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - (i) The Lessor has legally obtained the Building Ownership Certificate of the property, and has the rights to lease the property;
 - (ii) The Company has the rights to use the property and the actual uses of the property are in compliance with the permitted uses stated in relevant title certificates;
 - (iii) The Tenancy Agreements are legal and valid; and
 - (iv) The Tenancy Agreements have been registered.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 RMB
5. Unit No. 3501 Zhaofeng Plaza No. 1027 Changning Road Changning District Shanghai The PRC	<p>The property comprises an office unit on level 35 of a 42-storey building completed in about 2002.</p> <p>The property has a gross floor area of approximately 257.3 sq.m.</p> <p>The property is leased to the Group for a term of 2 years commencing from 1 August 2006 and expiring on 31 July 2008 at a monthly rental of RMB28,174.4 exclusive of electricity charge.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a tenancy agreement (“Tenancy Agreement”) entered into between 上海多媒體產業園發展有限公司 (Shanghai Multimedia Park Development Co., Ltd.) (the “Lessor”), an independent third party, and Shanghai Tiankun Digital Technology Ltd. (the “Lessee”) dated 21 July 2006, the property is leased to the Lessee for a term of 2 years commencing from 1 August 2006 and expiring on 31 July 2008 at a monthly rental of RMB28,174.4 exclusive of electricity charge.
2. Shanghai Tiankun Digital Technology Ltd. is, through certain contracts entered into with Fujian TQ Digital Inc and Fujian NetDragon Websoft Co., Ltd., a member of the Group.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - (i) The Lessor has legally obtained the Real Estate Title Certificate of the property, and has the rights to lease the property;
 - (ii) The Company has the rights to use the property and the actual uses of the property are in compliance with the permitted uses stated in relevant title certificates; and
 - (iii) The Tenancy Agreement is legal and valid.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN USA

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 <i>RMB</i>
6. Suite 180 21660 East Copley Dr., Diamond Bar, CA 91765 USA	The property comprises an office unit of a 3-storey office building completed in about 1988. The property has a rentable area of approximately 223.52 sq.m. (2,406 sq.ft.)	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

- Pursuant to a lease agreement (“Lease Agreement”) entered into between Muller-Rock 2 Gateway, LLC and Muller-Ing-Gateway, LLC (the “Lessor”), an independent third party, and NetDragon Websoft Inc., a company incorporated in the State of California, USA (“NetDragon (USA)”) (the “Lessee”) dated 22 May 2007, the property is leased to the Lessee commencing from 1 August 2007 and expiring on 30 September 2012 at an annual rental of US\$69,292.8 from 1 August 2007 to 31 July 2008, US\$72,180 from 1 August 2008 to 31 July 2009, US\$75,067.2 from 1 August 2009 to 31 July 2010, US\$77,954.4 from 1 August 2010 to 31 July 2011 and US\$81,130.32 from 1 August 2011 to 30 September 2012.
- NetDragon (USA) is a wholly-owned subsidiary of NetDragon Websoft Inc., a company established in BVI.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTEREST TO BE RENTED BY THE GROUP IN THE PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2007 RMB
7. New 851 Building No. 58 Hot Spring Branch Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises an office building to be rented by the Group. The property has a floor area of approximately 4,200 sq.m. The property is to be leased to the Group for a term of 3 years at a monthly rental of RMB36 per sq.m., exclusive of water, electricity and telephone charges.	The property is currently vacant.	No commercial value

Notes:

1. Pursuant to a Letter of Intent entered into between Fuzhou Yangzhenhua 851 Bio-Engineering Research Inc. (the “Lessor”), a connected party of the Company, and Fujian NetDragon Websoft Co., Ltd. (the “Lessee”), the Lessor and Lessee are agreed to lease the property with a floor area of approximately 4,200 sq.m. to the Lessee for a term of 3 years after the property has obtained the Fire Service Acceptance Certificate at a monthly rental of RMB36 per sq.m., exclusive of water, electricity and telephone charges.
2. Fujian NetDragon Websoft Co., Ltd. is, through certain contracts entered into with Fujian TQ Digital Inc, a member of the Group.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - (i) The Lessor has the rights to lease the property after the property has obtained the Fire Service Acceptance Certificate and title certificates; and
 - (ii) The Letter of Intent is legal and valid.