
APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 7.31 of the GEM Listing Rules, is set out here to provide the prospective investors with further information about how the proposed listing might have affected the financial position of the Group after completion of the International Placing.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the financial position of the Group as at 30 June 2007 or at any future date.

The unaudited pro forma financial information should be read in conjunction with the accountants' report set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following is the unaudited pro forma net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the International Placing as if it had taken place on 30 June 2007. The unaudited pro forma net tangible assets has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the Group's financial position following the International Placing.

This statement is based on the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2007 as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus, after giving effect to the pro forma adjustments described in the notes thereto. A narrative description of the pro forma adjustments of the International Placing that are (i) directly attributable to the transaction; (ii) expected to have a continuing impact on the Group; and (iii) factually supportable, are summarised in the accompanying notes.

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The unaudited pro forma net tangible assets of the Group is based on a number of assumptions, estimates and uncertainties. The accompanying unaudited pro forma net tangible assets of the Group does not purport to describe the actual financial position of the Group that would have been attained had the International Placing been completed on 30 June 2007. The unaudited pro forma net tangible assets of the Group does not purport to predict the future financial position of the Group:

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2007	Estimated net proceeds from the International Placing	Unaudited pro forma net tangible assets	Unaudited pro forma net tangible assets per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(note 1)</i>	<i>(note 2)</i>		<i>(note 3)</i>
Based on 95,600,000 Placing Shares at the Placing Price of HK\$13.18 per Share, being the upper price of the price range	<u>223,716</u>	<u>1,173,908</u>	<u>1,397,624</u>	<u>2.59</u>
Based on 95,600,000 Placing Shares at the Placing Price of HK\$11.18 per Share, being the lower price of the price range	<u>223,716</u>	<u>990,356</u>	<u>1,214,072</u>	<u>2.25</u>

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2007 of RMB228,282,000 are translated into Hong Kong Dollars at the exchange rate of HK\$1 to RMB0.98.
2. The estimated net proceeds from the International Placing are based on the Placing Price of HK\$11.18 and HK\$13.18 per Placing Share after deduction of the estimated underwriting fees and related expenses in connection with the International Placing.
3. The calculation of the unaudited pro forma net tangible assets of the Group per Share is based on 540,007,860 Shares in issue after the completion of the International Placing. It has not taken into account any Shares which may fall to be issued upon the exercise of Over-allotment Option or the exercise of the options which may be granted under the Share Option Scheme as detailed in section headed "Share Option Scheme" in Appendix V to this prospectus or any Shares which may be allotted and issued or repurchased by the Company pursuant to the mandates referred to in the paragraph headed "Written resolutions of all the Shareholders passed on 15 October 2007" in the section headed "Further information about the Company" in Appendix V to this prospectus.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this prospectus received from the reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong:

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton 
均富會計師行

23 October 2007

The Directors
NetDragon Websoft Inc.
Bear Stearns Asia Limited
First Shanghai Capital Limited

Dear Sirs

Accountants' report on the unaudited pro forma financial information to the directors of NetDragon Websoft Inc.

We report on the unaudited pro forma financial information of NetDragon Websoft Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages II-1 to II-2 under the heading of "Unaudited pro forma net tangible assets" in Section A of Appendix II of the Company's prospectus dated 23 October 2007 (the "Prospectus") in connection with the proposed listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by way of international placing (the "Share Offer"). The unaudited pro forma financial information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Share Offer might have affected the relevant financial information presented. The basis of preparation of the unaudited pro forma financial information is set out under the heading of "Unaudited pro forma net tangible assets" in Section A of Appendix II of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the sole responsibility of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards and practices.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial positions of the Group as at 30 June 2007 or any future dates.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully
Grant Thornton
Certified Public Accountants
Hong Kong