

**NETDRAGON WEBSOFT INCORPORATED:  
WELL DONE, GUYS !**

The announcement of NetDragon Websoft Incorporated () (Code: 777, Main Board, The Stock Exchange of Hongkong Ltd) that the third quarter's results would see a '*substantial decline*' should hardly be a shock to anybody.

Because it was easy to see that it was coming.

In fact, in **TARGET** Intelligence Report, Volume IX, Number 217, published on November 16, 2007, this medium stated, very clearly, that NetDragon Websoft was not held in any great regard by the financial analysts at this medium.

And, come November 17, 2008, when the Board of Directors of NetDragon Websoft meets, again, one may expect to learn the horrible truth about this company and its present sad state of affairs.

Last Monday, one was told that the company expected a decline in net profit, a decline in turnover, and an increase in operating costs. In short, expect the worst.

Which was in line with **TARGET**'s original assessment of this company, as spelled out on November 16, 2007, in the report, headlined:

**'NETDRAGON WEBSOFT INCORPORATED:  
FADS COME AND FADS GO ...  
AND THIS NET DRAGON MAY RUN OUT OF FIRE'**

The share price of NetDragon Websoft, today, is about \$HK2.35, which is down from the Offer Price of \$HK13.18 per share when the company went public on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd on November 2, 2007.

On August 22, 2008, the company brought out its Interim Results for the 6 months, ended June 30, 2008.

In that report, it was noted that the company had logged in a Net Profit Attributable to Shareholders of about 115.19 million renminbi on a Turnover of about 322.90 million renminbi.

For the like period in 2007, on a Turnover of about 261.75 million renminbi, NetDragon Websoft had recorded a Net Profit Attributable to Shareholders of about 154.09 million renminbi.

Therefore, for the 6 months, ended June 30, 2008, there had been a fall of about 25.24 percent in the Bottom Line, compared with the like period in 2007, on an increase in turnover, Year-On-Year, of about 23.36 percent.

Administrative expenses for the first 6 months of 2008 had ballooned by nearly 221 percent, compared with the like 2007 period.

Development costs, also, had risen by about 171 percent, Year-On-Year, from 13.14 million renminbi to

35.63 million renminbi.

Turning to the Consolidated Balance Sheets, it was noted that cash and cash equivalents had fallen from about 1.65 billion renminbi, as at December 31, 2007, to about 494.24 million renminbi, as at June 30, 2008.

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