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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)

**CLOSING ANNOUNCEMENT
IN RELATION TO
THE SHARE TRANSACTION**

Reference is made to the announcement of the Company dated 3 June 2014 (the “**Announcement**”) in relation to, among other matters, a sale and purchase agreement regarding the acquisition of the entire issued share capital of the Target Company involving allotment and issue of the Consideration Shares under General Mandate. Unless defined otherwise, capitalized terms used herein shall have the same meanings ascribed to them in the Announcement.

The Board is pleased to announce that all applicable conditions precedent under the Agreement have been satisfied, and that the Completion took place on 21 July 2014. Upon Completion, the Target Group become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the accounts of the Group.

As at the date of this announcement, the approval for the listing of, and permission to deal in, the Consideration Shares have been granted by the Stock Exchange, the Consideration Shares has been allotted, issued and held with the Trustee pursuant to the terms and conditions under the Trust Deed. The Consideration Shares will be vested to the Vendor and his nominees (being the Key Employees and PB Employees) in accordance with the vesting schedule under the Agreement and the Trust Deed. The allotment and issue of the Consideration Shares utilized approximately 2.57% of the

General Mandate and represented approximately 0.51% of the issued share capital of the Company as at the date of the sale and purchase agreement and represented approximately 0.52% of the enlarged issued share capital of the Company.

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

Hong Kong, 21 July 2014

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.