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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in NetDragon Websoft Inc. (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

- (1) PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND BUY BACK SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) FINAL DIVIDEND
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Plaza Meeting Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 21 May 2015 at 3:00 p.m. is set out on pages 17 to 21 of this circular. A form of proxy for use at the annual general meeting is enclosed herewith. Whether or not you intend to attend and vote at the annual general meeting in person, you are requested to complete and return the accompanying proxy form to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for holding the annual general meeting (or any adjournment thereof). Completion and return of the proxy form will not preclude you from attending and voting in person in the annual general meeting (or any adjournment thereof) if you so wish.

13 April 2015

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at Plaza Meeting Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 21 May 2015 at 3:00 p.m. or any adjournment thereof (as the case may be), notice of which is set out on pages 17 to 21 of this circular;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Buy-back Mandate”	the proposed general and unconditional mandate to be granted to the Directors at the AGM to buy-back up to 10% of the issued share capital of the Company as at the date of the passing of such resolution;
“BVI”	the British Virgin Islands;
“Chairman”	chairman of the Board;
“Company”	NetDragon Websoft Inc., an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Final Dividend”	the proposed final dividend of HKD0.20 per Share for the year ended 31 December 2014 to shareholder whose names appear on the register of members of the Company on the Record Date;
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IDG Group”	IDG Technology Venture Investments, L.P., IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P. and IDG-Accel China Investors L.P.;

DEFINITIONS

“Issue Mandate”	the proposed general and unconditional mandate to be granted to the Directors at the AGM to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of such resolution plus the amount representing the aggregate nominal amount of the share capital of the Company bought back by the Company under the Buy-back Mandate;
“Latest Practicable Date”	8 April 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Record Date”	29 May 2015, being the record date for determining entitlements of the Shareholders to the Final Dividend;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of USD0.01 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-backs;
“USD”	US dollars, the lawful currency of the United State of America;
“%”	per cent.

LETTER FROM THE BOARD



NetDragon Websoft Inc.

網龍網絡有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 777)

Executive Directors:

Liu Dejian (*Chairman*)

Liu Luyuan

Zheng Hui

Chen Hongzhan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Lin Dongliang

*Head office and principal place of
business in Hong Kong:*

Unit No. 2209

22nd Floor, West Tower

Shun Tak Centre

Nos. 168-200 Connaught Road

Central

Hong Kong

Independent non-executive Directors:

Chao Guowei, Charles

Lee Kwan Hung

Liu Sai Keung, Thomas

13 April 2015

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND BUY BACK SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) FINAL DIVIDEND
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM relating to (i) the granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the Shares in the issued share capital of the Company as at the date of passing of such resolution; (ii) the granting to the Directors a general mandate to buy

LETTER FROM THE BOARD

back the Shares not exceeding 10% of the Shares in the issued share capital of the Company as at the date of the passing of such resolution; (iii) the re-election of retiring Directors; (iv) the distribution of Final Dividend. This circular contains the explanatory statement in compliance with the Listing Rules and to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions.

A notice convening the AGM is set out on page 17 to page 21 to this circular.

GENERAL MANDATES

At the AGM, separate ordinary resolutions will be proposed to grant to the Directors general and unconditional mandates to authorize the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution; (ii) to exercise all powers of the Company to buy back issued and fully paid Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution; and (iii) to extend the general mandate granted to the Directors to allot, issue and deal with additional Shares as mentioned in paragraph (i) above by the amount representing the aggregate nominal amount of the share capital of the Company bought back by the Company under the Buy-back Mandate.

As at the Latest Practicable Date, there were in issue an aggregate of 493,488,609 Shares. Subject to the passing of the proposed resolutions for the grant of the Issue Mandate and the Buy-back Mandate, and on the basis that no further Shares will be issued or bought back prior to the date of the AGM, exercise in full of the Buy-back Mandate will result in up to 49,348,860 Shares being bought back by the Company, and the Directors will be authorised to allot and issue under the Issue Mandate up to 98,697,721 Shares, and to the extent the Buy-back Mandate is exercised, plus the amount of Shares representing the aggregate nominal amount of the share capital of the Company bought back by the Company under the Buy-back Mandate.

The Issue Mandate and the Buy-back Mandate shall continue in force during the period ending on the earliest of (a) the date of the next annual general meeting; or (b) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Buy-back Mandate is set out in the Appendix to this circular. The information in the explanatory statement is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the relevant proposed resolution to grant to the Directors the Buy-back Mandate.

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RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors are Liu Dejian (Chairman), Liu Luyuan, Zheng Hui and Chen Hongzhan; the non-executive Director is Lin Dongliang; and the independent non-executive Directors are Chao Guowei, Charles, Lee Kwan Hung and Liu Sai Keung, Thomas.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

Accordingly, Liu Luyuan, Lin Dongliang and Lee Kwan Hung will retire as Directors in accordance with the articles of association of the Company. Liu Luyuan, Lin Dongliang and Lee Kwan Hung being eligible, offer themselves for re-election at the AGM.

Liu Luyuan (“**Mr. Liu**”), aged 41, is the executive Director, Chief Executive Officer, Compliance Officer and one of the authorized representatives of the Company. Mr. Liu also serves as CEO of TQ Digital and director of NetDragon (BVI). Mr. Liu currently shoulders a number of social services, such as acting as director general of the West Taiwan Strait Youth Entrepreneurs Foundation, chairman of Fujian Youth Development Foundation, vice-chairman of the Fujian Youth Federation, executive vice-chairman of Fujian Enterprises and Entrepreneurs Confederation, chairman of Fujian Youth Entrepreneurs Association, is a standing committee member of the All-China Youth Federation, as well as a member of the CPPCC Fujian Provincial Committee. As an outstanding representative of the new social community taking part in the construction of the Fujian West-strait Economic Zone, Mr. Liu has been engaged in the operation and management of software enterprises and technology development since his graduation from Chengdu Electronic Technology University in 1997. He has decades of experience in the management and administration of technical institutions. In the company, Mr. Liu is in charge of overall management. He has setup the project management department, and introduced the game project management system to ensure a level of standards for game products. Meanwhile, as the company’s spokesman, he is also responsible for coordination with governmental departments, media, and other external parties, under which he has built up the company’s public reputation. By taking part in various activities on behalf of the company, he shared new ideas and new technologies in animation and game industry. Furthermore, the West Taiwan Strait Youth Entrepreneurs Foundation was setup to cultivate talent. This foundation, with up to RMB2 million in donations each year, offers enterprise training, interest free loans, and many other public services to support the game industry and youth business. Mr. Liu was awarded the “May 4th Youth Medal”, and the titles of “Brilliant Entrepreneur”, “Outstanding Young Person”, “Excellent Talent”, and “Fujian Entrepreneur with Outstanding Contributions”. Since 2013, Mr. Liu has won many honors, such as “Outstanding Contributions in Fujian Economic Construction”, “2012 Outstanding Entrepreneur in the 9th China Game Industry Annual Meeting”, and “Fujian Outstanding Entrepreneur”. Mr. Liu graduated from Chengdu Electronic Technology University in 1997, with a degree in electro-mechanical engineering, and later received an adjunct professor certificate from Fujian Normal University. Mr. Liu is a brother of Liu Dejian, and cousin of Zheng Hui.

LETTER FROM THE BOARD

Mr. Liu entered into a service contract with the Company for an initial term of three years commenced from 24 June 2008 subject to termination in certain circumstances as stipulated therein. Pursuant to the service contract, Mr. Liu is entitled to an annual remuneration of approximately RMB591,000 per year. He is also entitled to a bonus payment on such amount as shall be determined by the Board in its absolute discretion. The determination of his emoluments is based on salaries paid by comparable companies, time commitment, his duties and responsibilities in the Company, the Company's performance and its remuneration policy.

As at the Latest Practicable Date, Mr. Liu is interested in 5.34% of the issued share capital of the Company which is represented by interest held as a beneficiary of a trust of 26,344,800 shares. Mr. Liu is a brother of Liu Dejian and a cousin of Zheng Hui who have agreed to act in concert to acquire interests in the Shares. All of Liu Dejian, Mr. Liu and Zheng Hui were deemed to be interested in 50.73% of the issued share capital of the Company through their direct and deemed shareholding in the DJM Holding Ltd., a trust in favour of Mr. Liu, Fitter Property Inc. and Eagle World International Inc.. In addition, as at the Latest Practicable Date, Mr. Liu has a family interest in 253,826,057 Shares and 1,684,000 share options of the Company.

Lin Dongliang (“**Mr. Lin**”), aged 52, is the non-executive Director. Mr. Lin was appointed as a non-executive Director on 15 October 2007. Mr. Lin graduated with a Master's degree in Engineering Management in 1986 from Tsinghua University. He is currently the general partner of IDG Capital Partners. Before he took up the post, he was the vice president of IDG Technology Venture Investment Inc., and has served as a general partner of IDG Technology Venture Investment since 1999. He has over 12 years of experience in venture investment. He was nominated by the IDG Group to the Board and was appointed as a non-executive Director since 15 December 2004.

Mr. Lin entered into an appointment letter with the Company for an initial term of three years commencing from 24 June 2008 subject to termination in certain circumstances as stipulated therein. Pursuant to the appointment letter, Mr. Liu is not entitled to any annual remuneration.

Lee Kwan Hung (“**Mr. Lee**”), aged 49, is an independent non-executive Director. Mr. Lee was appointed as an independent non-executive Director on 15 October 2007. Mr. Lee is also the chairman of our remuneration committee, a member of our audit committee and nomination committee. He is a practicing solicitor and received his LL.B (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as solicitor in Hong Kong in 1991 and in England and Wales in 1997. Mr. Lee is currently an independent non-executive director of Embry Holdings Limited (stock code: 1388), Asia Cassava Resources Holdings Limited (stock code: 841), Newton Resources Ltd (stock code: 1231), Walker Group Holdings Ltd (stock code: 1386), Tenfu (Cayman) Holdings Co. Ltd (stock code: 6868), Landsea Green Properties Co., Ltd. (stock code: 106), China BlueChemical Limited (stock code: 3983) and Futong Technology Development Holdings Limited (stock code: 465), the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Lee was also an independent non-executive director of (1) New Universe International Group Ltd (stock code: 8068) between June 2010 and July 2012; (2) Yuexiu REIT Asset Management Limited (manager of Yuexiu Real Estate Trust (stock code:

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405)) between November 2005 and October 2014 and (3) Far East Holdings International Limited (stock code: 36) between March 2012 and November 2014. Save as disclosed, in the three years preceding the Latest Practicable Date, Mr. Lee did not hold any directorship in other listed public companies or any major appointments.

Mr. Lee entered into an appointment letter with the Company for an initial term of three years commencing from 24 June 2008 subject to termination in certain circumstances as stipulated therein. Pursuant to the appointment letter, Mr. Lee is entitled to an annual remuneration of approximately RMB403,000. The determination of his emoluments is based on salaries paid by comparable companies, time commitment, his duties and responsibilities in the Company, the Company's performance and its remuneration policy.

As at the Latest Practicable Date, Mr. Lee has a personal interest in 588,019 shares and 718,000 share options of the Company.

Save as disclosed hereof, as at the Latest Practicable Date, and to the best knowledge and belief of the Board, the Directors confirmed that:

- (a) each of Mr. Liu, Mr. Lin and Mr. Lee is not connected with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company;
- (b) each of Mr. Liu, Mr. Lin and Mr. Lee has no other interests in the Shares which are required to be disclosed under Part XV of the SFO;
- (c) each of Mr. Liu, Mr. Lin and Mr. Lee does not hold any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years;
- (d) there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rule 13.51(2)(h) to (v) of the Listing Rules; and
- (e) the Company is not aware of any other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Directors.

FINAL DIVIDEND

As stated in the announcement issued by the Company dated 26 March 2015 relating to the annual results of the Group for the year ended 31 December 2014, the Board recommends the payment of the Final Dividend of HKD0.20 per Share for the year ended 31 December 2014 to Shareholders whose names appear on the register of members of the Company on the Record Date. The Final Dividend is subject to approval by the Shareholders at the AGM and a resolution will be proposed to the Shareholders for voting at the AGM.

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Closure of Register

The Register will be closed from Friday, 29 May 2015 to Wednesday, 3 June 2015 (both dates inclusive) in order to determine the Shareholders' entitlements to the Final Dividend, during which no transfer of Shares will be registered.

To qualify for the Final Dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 28 May 2015.

Shareholders whose names appear on the register of members of the Company on the Record Date, i.e. Friday, 29 May 2015 will be entitled to the Final Dividend.

The expected timetable for the Final Dividend is as follows:

Events	Date
AGM	Thursday, 21 May 2015
Final dividend ex-entitlement date	Wednesday, 27 May 2015
Record Date for Final Dividend	Friday, 29 May 2015
Latest time for the Shareholders to lodge transfer documents to the Company's branch share registrar in order to qualify for receiving the Final Dividend	4:30 p.m. on Thursday, 28 May 2015 (All transfer of shares accompanied by the relevant share certificates and transfer form must be lodged with the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration)
Closure of the register of members (to qualify for receiving the Final Dividend)	Friday, 29 May 2015 to Wednesday, 3 June 2015
Upon the Shareholders' approval of the payment of the Final Dividend at the AGM, the expected payment date of the Final Dividend	Monday, 15 June 2015

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GENERAL INFORMATION

The notice convening the AGM is set out on pages 17 to 21 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). The return of the proxy form will not preclude you from attending and voting in person in the AGM (or any adjournment thereof) if you so wish.

For determining the entitlement to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, 19 May 2015 to Thursday, 21 May 2015, both days inclusive, during which time no transfer of shares will be registered. In order to ensure that the shareholders are entitled to attend and vote at the AGM, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 18 May 2015 for registration of the relevant transfer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM pursuant to article 66 of the articles of association of the Company.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposals for general mandates to issue and buy back Shares, re-election of retiring Directors and proposed declaration of Final Dividend are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM in respect thereof.

Yours faithfully,
For and on behalf of the Board
NetDragon Websoft Inc.
Liu Dejian
Chairman

This is an explanatory statement given to all Shareholders, as required by the Listing Rules, to provide requisite information of the Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully-paid share capital of the Company was 493,488,609 Shares of USD0.01 each.

Subject to the passing of the ordinary resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 49,348,860 Shares, being 10% of the entire issued capital of the Company.

2. REASONS FOR BUY BACK

The Directors have no present intention to buy back any Shares but consider that the Buy-back Mandate will provide the Company with the flexibility to make such buy-back as and when appropriate and is beneficial to the Company. Such buy-backs may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. The Directors will not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

3. FUNDING OF BUY-BACK

Buy-back of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

The Company is empowered by its memorandum and articles of association to buy back its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share buy-back may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the Cayman Islands law, the Shares so bought back will remain part of the authorised but unissued share capital.

4. UNDERTAKING BY DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make buy-back pursuant to the Buy-back Mandate and in accordance with the Listing Rules, the memorandum and articles of association of the Company and any applicable laws of the Cayman Islands.

None of the Directors, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, nor any of the associates of any of the Directors has any present intention, in the event that the proposed Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company in the event that the Buy-back Mandate is approved by the Shareholders.

At the Latest Practicable Date, no connected person of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor he/she has undertaken not to sell any of the Shares held by him/her to the Company in the event that the Buy-back Mandate is approved by the Shareholders.

5. EFFECT OF THE CODES ON TAKEOVERS AND MERGERS AND SHARE BUY-BACK AND MINIMUM PUBLIC FLOAT

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Codes. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Codes), depending on the level of increase in the Shareholders' interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Codes.

APPENDIX**EXPLANATORY STATEMENT
FOR THE BUY-BACK MANDATE**

As at the Latest Practicable Date, the register of the Shareholders maintained by the Company pursuant to Section 336 under Part XV of the SFO showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholder	Number of Shares and underlying shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Buy-back Mandate is exercised in full
Liu Dejian (<i>Note 1</i>)	253,982,257	51.47%	57.19%
Liu Luyuan (<i>Note 1</i>)	255,510,057	51.78%	57.53%
Zheng Hui (<i>Note 1</i>)	253,982,257	51.47%	57.19%
DJM Holding Ltd.	191,078,100	38.72%	43.02%
IDG Group (<i>Note 2</i>)	78,333,320	15.87%	17.64%
Ho Chi Sing	78,333,320	15.87%	17.64%
Zhou Quan	73,490,095	14.89%	16.55%
First Elite Group Limited (<i>Note 3</i>)	26,463,011	5.36%	5.96%
Jardine PTC Limited (<i>Note 3</i>)	26,463,011	5.36%	5.96%

Notes:

1. Liu Dejian is interested in 95.36% of the issued share capital of DJM Holding Ltd., which in turn is interested in 38.72% of the issued share capital of the Company.

Liu Luyuan is interested in 5.34% of the issued share capital of the Company which is represented by interest held as a beneficiary of a trust of 26,344,800 Shares.

197,019 Shares were held by each of Liu Dejian and Liu Luyuan as beneficiary interest of a trust.

Zheng Hui is interested in 4.64% and 100.00%, respectively, of the issued share capital of DJM Holding Ltd. and Fitter Property Inc., which in turn is interested in 38.72% and 3.85%, respectively, of the issued share capital of the Company. Zheng Hui owns the voting rights in respect of all the issued shares of Flowson Company Limited. Flowson Company Limited is interested in 100.00% of the issued share capital of Eagle World International Inc., which in turn is interested in 2.82% of the issued share capital of the Company.

Liu Dejian is a brother of Liu Luyuan and a cousin of Zheng Hui who have agreed to act in concert to acquire interests in the Shares in the Company. All of Liu Dejian, Liu Luyuan and Zheng Hui are deemed to be interested in 50.73% of the issued share capital of the Company through their direct and deemed shareholding in all of DJM Holding Ltd., a trust in favour of Liu Luyuan, Fitter Property Inc. and Eagle World International Inc..

2. The IDG Group is comprised of four limited partnerships, namely IDG Technology Venture Investments, L.P., IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P. and IDG-Accel China Investors L.P., being interested in approximately 2.21%, 10.53%, 2.15% and 0.98% respectively, in the Company who are deemed to be acting in concert to acquire interests in the Company, and their respective controlling entities. The controlling structure of each of the above partnerships is as follows:
 - a) IDG Technology Venture Investments, L.P. is controlled by its sole general partner, IDG Technology Venture Investments, LLC, which in turn is controlled by its managing members, Zhou Quan and Ho Chi Sing.
 - b) IDG-Accel China Growth Fund L.P. and IDG-Accel China Growth Fund-A L.P. are controlled by their sole general partner, IDG-Accel China Growth Fund Associates L.P., which in turn is controlled by its sole general partner, IDG-Accel China Growth Fund GP Associates Ltd.. IDG-Accel China Growth Fund GP Associates Ltd. is held as to 35.00% by each of Zhou Quan and Ho Chi Sing.
 - c) IDG-Accel China Investors L.P. is controlled by its sole general partner, IDG-Accel China Investor Associates Ltd., which in turn is held as to 100.00% by Ho Chi Sing.
3. First Elite Group Limited is controlled by Jardine PTC Limited, which held on trust for Richmedia Holdings Limited.

In the event that the Directors shall exercise in full the Buy-back Mandate, the total interests of the above Shareholders would be increased to approximately the respective percentages shown in the last column above. As at the Latest Practicable Date, Liu Dejian, Liu Luyuan and Zheng Hui, as parties acting in concert (the “**Concert Parties**”), are beneficially interested in 250,363,419 Shares, representing approximately 50.73% of the issued share capital of the Company. As DJM Holding Ltd. is a corporation controlled by Liu Dejian, one of the Concert Parties, the interest in the Company held by DJM Holding Ltd. is accordingly regarded as part of the interest in the Company held by the Concert Parties and the increase of shareholding in the Company by DJM Holding Ltd. is examined with reference to the total increase of shareholding in the Company by the Concert Parties. In the event that the Directors should exercise in full the Buy-back Mandate, the aggregate shareholding of the Concert Parties will be increased to approximately 56.37% of the issued share capital of the Company. Accordingly, a mandatory offer under Rule 26 of the Takeovers Code will not arise as a result of the exercise in full of the Buy-back Mandate.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a share buy-back, an exercise of the Buy-back Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Buy-back Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

6. SHARE BUY-BACK MADE BY THE COMPANY

During the twelve months preceding the Latest Practicable Date, the Company bought back 19,332,500 Shares on the Stock Exchange at an aggregate consideration of HKD256,893,990 before expenses. The Shares bought back were effected by the Directors for the enhancement of shareholder value in the long term. Details of the Share so bought back are as follows:

Month of shares bought back	Number of ordinary Shares bought back	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid HK\$
June 2014	2,379,000	15.10	13.96	34,864,540.00
September 2014	206,000	12.76	12.46	2,587,220.00
October 2014	2,824,500	13.80	12.30	37,260,910.00
December 2014	13,923,000	13.82	11.90	182,181,320.00

The Shares so bought back were cancelled on delivery of the share certificates during the year. The nominal value of the cancelled Shares was transferred to the capital redemption reserve and the relevant aggregate consideration was paid out from the Company's retained profits.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares during the previous twelve months immediately preceding the Latest Practicable Date.

7. SHARE PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the previous 12 months immediately preceding the Latest Practicable Date were as follows:

Month	Price per Share	
	Highest <i>HKD</i>	Lowest <i>HKD</i>
2014		
March	18.62	13.98
April	15.62	13.16
May	14.54	11.48
June	15.20	13.80
July	15.16	13.40
August	16.50	14.20
September	15.18	12.38
October	13.84	12.30
November	13.74	12.54
December	13.86	11.80
2015		
January	14.78	12.82
February	13.74	13.12
March	17.82	13.00
April (up to the Latest Practicable Date)	27.30	17.10

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of NetDragon Websoft Inc. (the “**Company**”) will be held at Plaza Meeting Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 21 May 2015 at 3:00 p.m. for considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 and the reports of the directors of the Company (the “**Directors**”) and independent auditor’s of the Company for the year ended 31 December 2014.
2. To approve the recommended final dividend for the year ended 31 December 2014.
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company and to authorise the board of Directors (the “**Board**”) to fix their remuneration.
4.
 - A. To re-elect Liu Luyuan as executive Director;
 - B. To re-elect Lin Dongliang as non-executive Director;
 - C. To re-elect Lee Kwan Hung as independent non-executive Director;
 - D. To authorise the Board to fix the remuneration of the Directors for the year ending 31 December 2015.

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SPECIAL BUSINESS

As special business, to consider and if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

5. A. **“THAT**

- (a) subject to paragraph (c) of this Resolution, pursuant to the Rules (the **“Listing Rules”**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) the exercise by the Directors during the Relevant Period (as hereinafter defined) to allot, issue and deal with the new shares in the capital of the Company, and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Right Issue (as hereinafter defined); or (ii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and its subsidiaries and/or other eligible persons of shares or rights to acquire shares of the Company; (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares, shall not (aa) exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution; and (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company bought back by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of Resolution no. 5B) and the said approval shall be limited accordingly;

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(d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Right Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

B. “THAT

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to buy back its own shares on the Stock Exchange, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, and all applicable law in this regard to be held be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate nominal amount of the shares of the Company to be bought back by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT**

conditional upon Resolutions 5A and 5B being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are bought back by the Company under the authority granted to the Directors as mentioned in Resolution 5B shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution 5A above.”

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

Hong Kong, 13 April 2015

As at the date of this notice, the executive Directors of the Company are Liu Dejian, Liu Luyuan, Zheng Hui and Chen Hongzhan; the non-executive Director of the Company is Lin Dongliang; and the independent non-executive Directors of the Company are Chao Guowei, Charles, Lee Kwan Hung and Liu Sai Keung, Thomas.

Notes:

- (1) A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company but must attend the annual general meeting to represent the member.
- (2) In order to be valid, the form of proxy must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof.

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- (3) In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the annual general meeting, either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
- (5) Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (6) For determining the entitlement to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, 19 May 2015 to Thursday, 21 May 2015, both days inclusive, during which time no transfer of shares will be registered. In order to ensure that the shareholders are entitled to attend and vote at the AGM, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 18 May 2015 for registration of the relevant transfer.
- (7) The Board has recommended the payment of a final dividend of HKD0.20 per share for the year ended 31 December 2014 to shareholders whose names appear on the register of members of the Company on Friday, 29 May 2015 subject to the approval of the shareholders of the Company at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 29 May 2015 to Wednesday, 3 June 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 May 2015.
- (8) An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against the ordinary resolution no. 5B as set out in this notice is enclosed.
- (9) Any voting of the annual general meeting shall be taken by poll.