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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)

**COMPLETION OF THE SHARE TRANSACTION
IN RELATION TO ACQUISITION OF THE
ENTIRE ISSUED SHARE CAPITAL OF
CHERRYPICKS ALPHA HOLDINGS LIMITED AND
CHERRYPICKS ALPHA RESOURCES LIMITED
INVOLVING ISSUANCE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE
AND DEEMED DISPOSAL**

Reference is made to the announcements of NetDragon Websoft Inc. (the “**Company**”) dated 22 April 2016 and 3 May 2016 (the “**Announcements**”) in relation to the Share Purchase Agreement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements.

COMPLETION OF THE SHARE PURCHASE AGREEMENT

The Board is pleased to announce that all the conditions precedent under the Share Purchase Agreement have been fulfilled and Completion took place on 19 May 2016. On the same date, a total of 1,087,621 Consideration Shares were allotted and issued to the Trustee, which shall hold the Consideration Shares upon trust exclusively for the First Vendor and the Employee Allottees subject to the terms and conditions set out in the Trust Document. The Consideration Shares will be vested to the First Vendor and the Employee Allottees (being the nominees as directed by the First Target Company) in accordance with the vesting schedule under the Share Purchase Agreement and the Trust Document. After Completion, the Target Companies have become wholly-owned subsidiaries of the Company. Therefore, the financial results of the Target Group will be consolidated into the Group’s financial statements.

Moreover, upon Completion, 846 Purchaser Shares, representing 7.8% of the shareholding interest of the First Purchaser as enlarged by the allotment and issue of the First Incentive Shares, were allotted and issued to the First Vendor in accordance with the Share Purchase Agreement. As a result, the shareholding interest of the Company in the First Purchaser was diluted from 100% to 92.2%. After Completion, the First Purchaser remains a non-wholly owned subsidiary of the Company. As such, the financial results of the First Purchaser will continue to be recorded in the Group's consolidated financial statements.

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

Hong Kong, 19 May 2016

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Liu Dejian, Dr. Leung Lim Kin Simon, 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.