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NetDragon Websoft Holdings Limited

網龍網絡控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 777)

**GRANT OF AWARDED SHARES BY THE COMPANY
PURSUANT TO THE SHARE AWARD SCHEME**

Reference is made to the announcement (the “**Announcement**”) of NetDragon Websoft Holdings Limited (the “**Company**”) dated 3 September 2008 in relation to the adoption of the employee incentive programme (the “**Share Award Scheme**”). Unless defined otherwise, capitalised terms used herein shall have the same meanings ascribed to them in the Announcement.

GRANT OF AWARDED SHARES

The Board announces that on 19 April 2018, the Company awarded 2,574,400 Awarded Shares (the “**Awarded Shares**”) pursuant to the Share Award Scheme to 8 selected employees (the “**Selected Employees**”), among whom one Selected Employee is connected person of the Company. The Awarded Shares only comprise existing Shares including (i) Returned Shares held by the Trustee pursuant to the Share Award Scheme and the terms of the Trust Deed; and (ii) Shares purchased from the market by the Trustee out of cash contributed by the Company. The Awarded Shares do not comprise any issuance and allotment of new Shares. The Awarded

Shares were awarded subject to the acceptance by the Selected Employees. Details of the Awarded Shares are as follows:

Date of grant	: 19 April 2018
Number of Shares granted	: 2,574,400
Number of Selected Employees	: 8
Vesting conditions	: The Awarded Shares shall vest in the Selected Employees subject to the terms of the Share Award Scheme, including but not limited to the following conditions:- (a) fulfilment of such vesting conditions as specified by the Board; and (b) the Selected Employee remaining under the employment of a member of the Group as determined by the Board up to and including the Vesting Date and no notice of termination of employment of such Selected Employee is subsisting as at such date.

	Number of Awarded Shares
Non-connected Grantees	1,383,600
Connected Grantees	
Dr. Leung Lim Kin Simon	<u>1,190,800</u>
Total	<u><u>2,574,400</u></u>

Among the 2,574,400 Awarded Shares granted, a total of 1,190,800 Awarded Shares were granted to Dr. Leung Lim Kin Simon (“**Dr. Leung**”), being the vice chairman and executive director of the Company. Dr. Leung is responsible for the planning, consolidation and operation of the education business of the Company in the People’s Republic of China and the development of the online education business overseas.

Among the 1,190,800 Awarded Shares granted to Dr. Leung, 100,000 Awarded Shares were granted to Dr. Leung by way of allocating the existing Shares which are Returned Shares held by the Trustee pursuant to the Share Award Scheme and the terms of the Trust Deed.

In relation to the 1,383,600 Awarded Shares granted to the remaining 7 Non-connected Grantees and the 1,090,800 Awarded Shares granted to Dr. Leung, the Board shall procure the Trustee to purchase existing Shares from the market out of cash contributed by the Company, to be held on trust for the Selected Employees until such Awarded Shares are vested with such Selected Employees.

Based on the closing price of HK\$19.10 per Share as quoted on the Stock Exchange on 19 April 2018 (being the date of grant of the Awarded Shares), the market value of the Awarded Shares to Dr. Leung amounts to approximately HK\$22,744,000.

The grant of Awarded Shares to Dr. Leung has been approved by the Board (including the independent non-executive Directors), except for Dr. Leung. Dr. Leung has abstained from voting on the board resolution approving the grant of the Awarded Shares. Based on Dr. Leung’s important role and contribution to the Group, The Board (including the independent non-executive Directors) are of the view that the grant of Awarded Shares granted to Dr. Leung is fair and reasonable and in the interests of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

Except for Dr. Leung, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them.

As Dr. Leung is an executive director, he is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the grant of Awarded Shares to Dr. Leung constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, no new Shares will be allotted and issued upon vesting and settlement of the Awarded Shares granted to Dr. Leung. As the

Awarded Shares are existing Shares and were granted to Dr. Leung pursuant to his service contract with the Company and form part of his remuneration package under his service contract, the grant of Awarded Shares to Dr. Leung is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

By order of the Board
NetDragon Websoft Holdings Limited
Liu Dejian
Chairman

Hong Kong, 19 April 2018

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.