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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 Holdings Limited (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 Holdings Limited
網龍網絡控股有限公司

(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, 6 June 2019 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.

30 April 2019

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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, 6 June 2019 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 Holdings Limited, 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 HKD0.15 per Share for the year ended 31 December 2018 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”	23 April 2019, 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”	13 June 2019, 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



ND

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)

Executive Directors:

Liu Dejian (*Chairman*)
Leung Lim Kin, Simon (*Vice 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:*

Units 2001-05 & 11,
20th Floor, Harbour Centre,
25 Harbour Road,
Wan Chai,
Hong Kong

Independent non-executive Directors:

Chao Guowei, Charles
Lee Kwan Hung
Liu Sai Keung, Thomas

30 April 2019

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

LETTER FROM THE BOARD

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 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; and (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 530,409,041 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 53,040,904 Shares being bought back by the Company, and the Directors will be authorised to allot and issue under the Issue Mandate up to 106,081,808 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.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors are Liu Dejian (Chairman), Leung Lim Kin, Simon (Vice 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 article 87(1) of 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.

Pursuant to article of 86(3) of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Company after his appointment and shall then be eligible for re-election and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Liu Dejian (“**Mr. Liu**”), Leung Lim Kin, Simon (“**Dr. Leung**”) and Chao Guowei, Charles (“**Mr. Chao**”) will retire as Directors in accordance with the articles of association of the Company. Mr. Liu, Dr. Leung and Mr. Chao, being eligible, offer themselves for re-election at the AGM. Brief biographical and other details of Mr. Liu, Dr. Leung and Mr. Chao, who are proposed to be re-elected at the Annual General Meeting, are set out as follows:

Liu Dejian, aged 47, is the Chairman and Executive Director of the Company. Mr. Liu led the Company to become one of the PRC’s leading online game and mobile Internet operations companies. Mr. Liu is mainly responsible for the overall business strategic development of the Group and is the chief game designer of our game development team. Mr. Liu leads the game development team on the design of the online game products. He formulates the development policy and contributes to the growth of the Company as a competitive online game operator and developer. Currently, Mr. Liu is committed to lead the Company’s transformation to an international design-oriented enterprises, and actively promote Internet education, leading the Group to become China’s leading online education industry force. Apart from his management and leadership, Mr. Liu constantly holds training seminars to further enhance the development of our human resources. The Group was honoured as the “Top 30 Cultural Enterprises in the PRC at the Sixth Presentation Ceremony” (第六屆全國文化企業三十強) and “Top 2000 Forbes Global business” (福布斯全球企業兩千強) in May 2014. In 2015, the Group was honoured as the “Top 30 Cultural Enterprises in the PRC at the Seventh Presentation Ceremony” (第七屆全國文化企業三十強), “Third Award of Top 100 Forbes Potential Enterprises in PRC” (福布斯中國潛力企業百強榜第三名), “Top 100 Internet Enterprises in PRC” (中國互聯網企業百強) and “Top 100 National Software Comprehensive Competitiveness Enterprises” (全國軟體企業綜合競爭力百強). Prior to starting Fujian NetDragon Websoft Co., Ltd. (福建網龍計算機網絡資訊技術有限公司) (“NetDragon (Fujian)”), Mr. Liu graduated with a Bachelor’s degree of Science in Chemistry from University of Kansas in the USA in 1995. He had been the vice-president of Beso Biological Research Centre, Inc (“Beso”) from 1995 to 2005. He was also the vice-president of Fuzhou Yangzhenhua 851 Bio-Engineering Research Inc. (“Fuzhou 851”) from 1995 to 2000 and then promoted to be the president since 2001. Mr. Liu was first introduced to the technology of Internet during his study in

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the USA when he established a website for marketing of softwares. Anticipating that Internet would have a good development opportunity in the PRC, he founded NetDragon (Fujian) in 1999 when he came back to the PRC. He was awarded as the “Most Influential Person within the Online Game Industry in China in the Chinese Game Industry Annual Conference 2009” in January 2010 (「2009 年度中國遊戲產業最具影響力人物」). He was also awarded as “Excellent Entrepreneur of China Game Industry”* (「中國遊戲行業優秀企業家」) in the China Game Industry Annual Conference in December 2009. He was appointed as vice-chairman of Fujian Province Association of Youth Entrepreneur* (「福建省青年企業家協會」) in April 2006. He also obtained Fujian Youth Entrepreneur Achievement Award* (「福建青年創業成就獎」) in April 2005, Go Tone Fujian IT Industry Top 10 Outstanding Youth* (「全球通福建IT行業十大傑出青年」) in May 2005, Certificate of Fujian Entrepreneurial Tutor of the Chinese Youth Business International Programme* (「中國青年創業國際計劃福建創業導師證書」) in June 2005, Fujian Youth Technology Award* (「福建省青年科技獎」) in March 2010, Software Outstanding Talent in Fujian Province* (「福建省軟件傑出人才」) in September 2010 and Entrepreneurial Excellence Award in Haixi* (「海西創業英才獎」) in April 2012, and he was appointed as a member of the Second Council of The Association for Redound Reposal, Fujian (福建省誠信促進會第二屆理事會) in July 2012. Mr. Liu received the Management Talent Award* (「領軍人物獎」) in June 2011, Fujian Business Building Haixi Outstanding Contribution Award* (「福建閩商建設海西突出貢獻獎」) and Fujian Donations of Non-public Ownership Economy Welfare Outstanding Contribution Award* (「福建非公有制經濟人士捐贈公益事業突出貢獻獎」) in June 2013. Mr. Liu was awarded as the Entrepreneur of the Year in Entrepreneur Conference of CYZONE* (「創業邦年會年度創業人物」) in November 2013. As the developer of “91 assistant” software first person, Mr. Liu received the Progress Prize Second Award in Fujian Province Science and Technology* (「福建省科學技術進步二等獎」) in January 2014. Mr. Liu was awarded the Special Allowance Expert in State Council* (「國務院特殊津貼專家」) in January 2015, the Publishing Award for Outstanding People in Fujian Province* (「福建省優秀出版人物獎」) in September 2015, Excellent Leader in the Non-public Economy of Fujian Province* (「福建省非公有制經濟優秀建設者」) in May 2016 and the Economic Award of Chinese Businessman of 2016 (「2016年度華人經濟人物」) in the same year. Mr. Liu was honored as Senior Engineer* (「享受教授、研究員待遇高級工程師」) with his outstanding technical achievements in May 2017. Mr. Liu is also a director of NetDragon Websoft (Hong Kong) Limited (“NetDragon (Hong Kong)”) and NetDragon Websoft Inc. (“NetDragon (BVI)”).

Mr. Liu entered into a service contract 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 service contract, Mr. Liu is entitled to an annual remuneration of approximately RMB 803,000 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 was interested in approximately 100.00% of the issued share capital of DJM Holding Ltd., which in turn was interested in approximately 36.02% of the issued share capital of the Company. Mr. Liu was also deemed to be interested in approximately 99.96% of the registered capital of NetDragon (Fujian). 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 registered capital of NetDragon

* For identification purpose only

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(Fujian). All of Liu Dejian, Liu Luyuan and Zheng Hui were deemed to be interested in 48.23% of the issued share capital of the Company through their direct and deemed shareholding in all of the DJM Holding Ltd., a trust in favour of Mr. Liu Luyuan, a trust in favour of Liu Dejian and Liu Luyuan, Fitter Property Inc. and Eagle World International Inc.. In addition, as at the Latest Practicable Date, Mr. Liu had a personal interest in 1,884,000 shares, a family interest in 62,860,357 shares and a corporate interest in 191,078,100 shares.

Leung Lim Kin, Simon, aged 64, is the Vice Chairman and Executive Director of the Company in March 2015 and 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. Dr. Leung had over 30 years of experience in both information technology and telecommunications industries. In 2005, he was appointed as the president of Motorola Asia-Pacific, a company principally engaged in the production of data communication and telecommunication equipment, where he was primarily responsible for the overall strategic planning and implementation in the Asia-Pacific region. Since 2008, Dr. Leung was the chief executive officer of Microsoft Greater China region, a company principally engaged in developing, manufacturing, licensing and sales of software products, where he was primarily responsible for overseeing overall business operations and for developing and implementing a regional strategy.

Prior to joining the Company, Dr. Leung also held management roles at various educational institutions or corporations engaging in education business. From 2009 to 2010, he was the governor of the Upper Canada College, an educational institution, where he was primarily responsible for establishing and directing policy for the college and overseeing its financial affairs. In 2012, Dr. Leung was the chief executive officer of Harrow International Management Services Limited, a company principally engaged in the management of Harrow International Schools, where he was responsible for the development of new Harrow International Schools and education services in Asia.

Dr. Leung received his bachelor of arts degree and an honorary doctorate in laws from the University of Western Ontario, Canada in 1978 and 2005 respectively and a doctorate in business administration from Hong Kong Polytechnic University in 2007.

Dr. Leung currently serves as a member of the Ivey Asia Advisory Board of the Richard Ivey School of Business of the University of Western Ontario, an educational institution, where he is primarily responsible for advising the school on its mission strategy in Asia. He is also a governor of Tung Wah College, an educational institution, where he is primarily responsible for determining key governance issues. From 2010 to 2015, Dr. Leung was a member of the International Advisory Committee of the Hong Kong Polytechnic University. From 2015 to 2017, he was appointed as a member of the Steering Committee on Innovation and Technology of HKSAR. Mr. Leung is also an independent non-executive director of Purapharm Corporation Limited (Stock Code: 1498) which is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

Dr. Leung entered into a service contract 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 service contract, Dr. Leung is entitled to an annual remuneration of approximately

LETTER FROM THE BOARD

RMB7,862,000 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, Dr. Leung is interested in 0.26% of the issued voting shares of the Company which is represented by beneficial interest of 1,363,530 shares, exclude of 120,000 awarded shares which was granted on 23 April 2019 and shall be entitled to Dr. Leung on 30 April 2019.

Chao Guowei, Charles, aged 53, is the Independent non-executive Director of the Company on 15 October 2007. Mr. Chao is also the chairman of the audit committee, a member of the remuneration committee and nomination committee. Mr. Chao is the Chairman of the Board and Chief Executive Officer of SINA Corporation, a publicly listed company in Nasdaq. Mr. Chao joined SINA Corporation as a Vice President of Finance in 1999 and served as its Co-Chief Operating Officer, President and Chief Financial Officer before his current position as the Chairman of the Board and Chief Executive Officer. Mr. Chao is also currently the Chairman of the board of directors of a leading social media company, "Weibo", which is a publicly listed company in Nasdaq and a director of a leading real estate O2O integrated services platform "Leju Holdings Limited", which is a publicly listed company in New York Stock Exchange. Prior to joining SINA, Mr. Chao served as an experienced audit manager in PricewaterhouseCoopers LLP to provide audit and business consulting services for companies in Silicon Valley, California. Mr. Chao was a certified public accountant and the member of AICPA. Mr. Chao graduated with a Master's degree in professional Accounting from the University of Texas at Austin in 1993, a Master's degree in Journalism from the University of Oklahoma in 1991 and a Bachelor's degree in Journalism from the Fudan University in 1988.

Mr. Chao entered into a service contract 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 service contract, Mr. Chao is entitled to an annual remuneration of approximately RMB 580,000 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. Chao is interested in 0.06% of the underlying shares of interest of 338,500 shares options granted by the Company.

Mr. Chao has served as an independent non-executive Director of the Company for more than nine years since 2008. Pursuant to Code Provision A4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the re-election of Mr. Lee will be subject to a separate resolution to be approved by the Shareholders at the AGM.

Mr. Chao's independence has been reviewed by the Nomination Committee and he also confirmed that he has satisfied all factors as set out in Rule 3.13 of the Listing Rules to the Company. The Board believes that Mr. Chao's in-depth knowledge of the Group's business and his extensive

LETTER FROM THE BOARD

experience and expertise will provide invaluable contribution to the Board. The Board considers that Mr. Chao's long service will not affect his exercise of independent judgement and is satisfied that Mr. Chao has the required integrity and experience to continue fulfilling the role of an independent non-executive Director.

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, Dr. Leung and Mr. Chao is not connected with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company;
- (b) each of Mr. Liu, Dr. Leung and Mr. Chao has no other interests in the Shares which are required to be disclosed under Part XV of the SFO;
- (c) each of Mr. Liu, Dr. Leung and Mr. Chao 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 2019 relating to the annual results of the Group for the year ended 31 December 2018, the Board recommends the payment of the Final Dividend of HKD0.15 per Share for the year ended 31 December 2018 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.

Closure of Register

The Register will be closed from Thursday, 13 June 2019 to Friday, 14 June 2019 (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 Wednesday, 12 June 2019.

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Shareholders whose names appear on the register of members of the Company on the Record Date, i.e. Thursday, 13 June 2019 will be entitled to the Final Dividend.

The expected timetable for the Final Dividend is as follows:

Events	Date
AGM	Thursday, 6 June 2019
Final dividend ex-entitlement date	Tuesday, 11 June 2019
Record Date for Final Dividend	Thursday, 13 June 2019
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 Wednesday, 12 June 2019 (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)	Thursday, 13 June 2019 to Friday, 14 June 2019
Upon the Shareholders' approval of the payment of the Final Dividend at the AGM, the expected payment date of the Final Dividend	Friday, 5 July 2019

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 Friday, 31 May 2019 to Thursday, 6 June 2019, 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

LETTER FROM THE BOARD

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 Thursday, 30 May 2019 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.

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 Holdings Limited
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 530,409,041 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 53,040,904 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 close 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.

As at the Latest Practicable Date, no core 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.

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>)	255,822,457	48.23%	53.59%
Liu Luyuan (<i>Note 1</i>)	255,822,457	48.23%	53.59%
Zheng Hui (<i>Note 1</i>)	255,822,457	48.23%	53.59%
DJM Holding Ltd.	191,078,100	36.02%	40.03%
IDG Group (<i>Note 2</i>)	78,333,320	14.77%	16.41%
Ho Chi Sing	78,333,320	14.77%	16.41%
Zhou Quan	73,490,095	13.86%	15.39%
First Elite Group Limited (<i>Note 3</i>)	26,541,819	0%	0%
Jardine PTC Limited (<i>Note 3</i>)	26,541,819	5.00%	5.56%

Notes:

1. Liu Dejian is interested in 100.00% of the issued voting shares of DJM Holding Ltd., which in turn is interested in 36.02% of the issued voting shares of the Company. Liu Dejian is also interested in 0.39% of the issued voting shares of the Company which is represented by beneficial interest of 1,884,000 shares and a beneficiary of a trust of 197,019 shares.

Liu Luyuan is interested in 5.32% of the issued voting shares of the Company which is represented by interest held as a beneficiary of certain trust holding in aggregate 26,541,819 shares, and the rest being underlying shares of interest of 1,684,000 share options granted by the Company.

Zheng Hui is interested in 100.00% of the issued share capital of Fitter Property Inc., which in turn is interested in 3.59% of the issued voting shares of the Company. Zheng Hui is interested in 100.00% of the issued share capital of Eagle World International Inc., which in turn is interested in 2.62% of the issued voting shares of the Company. Zheng Hui is also interested in 0.28% of the issued shares of the Company which is represented by beneficial interest of 1,497,000 shares.

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 48.23% of the issued voting shares of the Company through their direct and deemed shareholding in all of DJM Holding Ltd., a trust in favour of Liu Luyuan, a trust in favour of Liu Dejian, Fitter Property Inc., Eagle World International Inc. and their respective shares held as beneficial owner in each of their personal capacities.

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 2.05%, 9.80%, 2.00% and 0.91% 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 was dissolved in November 2018. 26,541,819 shares directly held by Richmedia Holdings Limited, a company wholly-owned by Jardine PTC Limited, which held relevant interest in trust for Liu Luyuan.

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 255,822,457 Shares, representing approximately 48.23% 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 53.59% 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 899,000 Shares on the Stock Exchange at an aggregate consideration of HKD12,042,864 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	Lowest price paid per Share	Aggregate consideration paid
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
January 2018	26,000	21.85	21.85	568,100
June 2018	89,000	17.10	16.78	1,513,340
December 2018	784,000	13.28	11.86	9,961,424

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>
2018		
March	23.45	18.40
April	19.36	18.30
May	22.40	19.00
June	20.80	16.42
July	17.92	16.10
August	19.08	13.24
September	17.30	14.90
October	16.26	12.76
November	15.00	13.28
December	14.60	11.80
2019		
January	14.64	11.28
February	17.20	14.18
March	20.70	16.56
April (up to the Latest Practicable Date)	24.50	19.82

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of NetDragon Websoft Holdings Limited (the “**Company**”) will be held at Plaza Meeting Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 6 June 2019 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 2018 and the reports of the directors of the Company (the “**Directors**”) and independent auditor’s of the Company for the year ended 31 December 2018.
2. To approve the recommended final dividend for the year ended 31 December 2018.
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. To re-elect each of the retiring Directors of the Company as follows by way of a separate resolution:
 - A. To re-elect Liu Dejian as executive Director;
 - B. To re-elect Leung Lim Kin, Simon as executive Director;
 - C. To re-elect Chao Guowei, Charles as independent non-executive Director;
 - D. To authorise the Board to fix the remuneration of the Directors for the year ending 31 December 2019.

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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 Holdings Limited
Liu Dejian
Chairman

Hong Kong, 30 April 2019

As at the date of this notice, the executive Directors of the Company are Liu Dejian, Leung Lim Kin Simon, 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.
- (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.

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- (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 Friday, 31 May 2019 to Thursday, 6 June 2019, 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 Thursday, 30 May 2019 for registration of the relevant transfer.
- (7) The Board has recommended the payment of a final dividend of HKD0.15 per share for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on Thursday, 13 June 2019 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 Thursday, 13 June 2019 to Friday, 14 June 2019, 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 Wednesday, 12 June 2019.
- (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.