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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)

UPDATE ANNOUNCEMENT ON ISSUE OF UNLISTED WARRANT AND ALLOTMENT AND ISSUE OF WARRANT SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement of the Company dated 10 November 2019, the circular of the Company dated 30 December 2019 (the “**Circular**”) and the poll results announcement of the Company dated 15 January 2020 in relation to the extraordinary general meeting of the Company for the approval of, among others, the issue of Warrant Shares under specific mandate. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

In preparation for the allotment and issue of the Warrant to the Investor, the Company would like to provide an update on the number of Warrant Shares that will be issued upon exercise of the Warrant.

As set out on page 13 of the Circular, the Warrant shall entitle the Investor with the right to subscribe for Shares constituting approximately 2.00% of the Company’s issued share capital as enlarged by the issue of the Warrant Shares. Since the total number of issued shares of the Company has been increased from 530,584,816 Shares as at the Latest Practicable Date as set out in the Circular to 563,608,766 Shares as at the date of this announcement, upon exercise in full of the Subscription Rights attaching to the Warrant, the number of Warrant Shares that will be issued has been increased from 10,827,872 Warrant Shares to 11,502,220 Warrant Shares, representing approximately 2.00% of the total number of 575,110,986 Shares in issue as enlarged by the allotment and issue of the Warrant Shares.

Shareholders and potential investors should note that completion of the Purchase Agreement is subject to fulfilment of certain conditions precedent under the Purchase Agreement. As the transactions may or may not become unconditional or be completed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

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

Hong Kong, 3 March 2020

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.