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**NetDragon**

**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) MAJOR TRANSACTION IN RELATION TO THE MERGER  
(2) MAJOR DISPOSAL AND PROPOSED SPIN-OFF OF ELMTREE  
AND  
(3) DISTRIBUTION IN SPECIE**

**Independent Financial Adviser to the Independent Board Committee and the Shareholders**



**Gram Capital Limited**

**嘉林資本有限公司**

**MERGER AND PROPOSED SPIN-OFF**

On 18 April 2023 (after trading hours), the Company, Best Assistant (an indirect non wholly-owned subsidiary of the Company), GEHI and Merger Sub (a direct wholly-owned subsidiary of GEHI) entered into the Merger Agreement in relation to the Merger.

The transactions contemplated under the Merger Agreement involve, among other things: (i) the eLMTree Restructuring, namely the incorporation of eLMTree as a wholly-owned subsidiary of Best Assistant and Best Assistant transferring the Spin-off Business to eLMTree; (ii) the Best Assistant Redemption, namely all shares reserved by Best Assistant under the share award scheme of Best Assistant being granted and interests in Best Assistant held by all existing shareholders of Best Assistant (except for one ordinary share of Best Assistant held by ND (BVI), a direct wholly-owned subsidiary of the Company) being redeemed in exchange for ordinary shares of eLMTree, or otherwise being procured that such shares of Best Assistant are exchanged for newly-issued ordinary shares of eLMTree in any other manner permitted by applicable law; and (iii) the Merger, namely Merger Sub merging with and into eLMTree with eLMTree surviving after the Merger. Following Closing, eLMTree will become a direct wholly-owned subsidiary of GEHI, a company listed on the NYSE (NYSE ticker: GEHI).

Immediately upon Closing:

- (i) GEHI will own 100% of the equity interests in eLMTree, which wholly-owns the Spin-off Business;

- (ii) ND (BVI), a direct wholly-owned subsidiary of the Company, will hold approximately 72.9% equity interests of GEHI (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP); and
- (iii) GEHI and its subsidiaries (including eLMTree) will be consolidated into the consolidated financial statements of the Company. The Company will account GEHI in the accounts of the Company as a subsidiary.

## **LISTING RULES IMPLICATIONS**

As eLMTree will become a wholly-owned subsidiary of GEHI, a company listed on the NYSE, the Merger will constitute a spin-off of eLMTree by the Company which is subject to the applicable requirements under PN15. The Company has submitted to the Stock Exchange the PN15 Application in connection with the Proposed Spin-off. As at the date of this announcement, the PN15 Application is still under consideration by the Stock Exchange.

The Proposed Spin-off will constitute a disposal of the Spin-off Business by the Company. As one or more applicable percentage ratios under the Listing Rules in respect of the Proposed Spin-off exceed 25%, and all applicable percentage ratios under the Listing Rules in respect of the Proposed Spin-off are below 75%, the Proposed Spin-off constitutes a major disposal for the Company under Chapter 14 of the Listing Rules.

The Merger, together with the Secondary Sale, will constitute an acquisition of approximately 72.9% equity interests (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP) or approximately 61.3% equity interests (after the Distribution in Specie and assuming the New ACP Bonds are fully converted and all share awards are granted under the New ESOP) in GEHI by the Company. As one or more applicable percentage ratios under the Listing Rules in respect of the Merger exceed 25%, and all applicable percentage ratios under the Listing Rules in respect of the Merger are below 100%, the Merger constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Accordingly, the Merger and the Proposed Spin-off are subject to the reporting, announcement, circular and the shareholders' approval requirements under PN15 and Chapter 14 of the Listing Rules.

## **EGM**

The Company will convene the EGM to seek Shareholders' approval for the Merger, the Proposed Spin-off and the Distribution in Specie. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Merger, the Proposed Spin-off and the Distribution in Specie. As such, no Shareholder is required to abstain from voting in the EGM.

## **ASSURED ENTITLEMENT AND DISTRIBUTION IN SPECIE**

To give due regard to the interests of the Shareholders, conditional upon Closing, the Directors propose to declare a special dividend to the Shareholders by way of the Distribution in Specie of certain GEHI Ordinary Shares to be held by the Company (indirectly through ND (BVI)) after Closing (or cash alternative under certain circumstances), in proportion to their respective shareholdings in the Company. Based on the Board's preliminary estimate and expectation, it is proposed that all the Shareholders will in aggregate be entitled to the Distribution in Specie of a total of not more than 2% of GEHI Ordinary Shares to be indirectly held by the Company after Closing, representing a maximum of approximately 1.49% of the equity interests in GEHI after Closing (assuming the New ACP Bonds are not converted and no share awards are granted under the New ESOP). Terms of the Distribution in Specie have not been finalised and are subject to change. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

## **REDEMPTION OF EXISTING ACP BONDS**

References are made to the announcements of the Company dated 10 November 2019 and 10 March 2020 in connection with, among other things, the issuance of the Existing ACP Bonds of US\$150 million by Best Assistant to the ACP Investor.

Contemporaneously with the execution of the Merger Agreement, the Company, Best Assistant, ND (BVI), the ACP Investor and other parties to the purchase agreement of the Existing ACP Bonds dated 10 November 2019 and certain other subsidiaries of the Company entered into a deed of amendment, conditional waiver and redemption in relation to the Existing ACP Bonds, pursuant to which Best Assistant will redeem US\$125 million of the principal amount of the Existing ACP Bonds at Closing. It is contemplated that, prior to Closing, the Company, through ND (BVI), will make a capital injection of US\$120 million to Best Assistant in exchange for the issuance of 475,940,111 ordinary shares of Best Assistant to ND (BVI) and Best Assistant will use the proceeds from such capital injection and other existing cash at Best Assistant for the redemption of US\$125 million in the principal amount of the Existing ACP Bonds. The remaining US\$25 million of the principal amount of the Existing ACP Bonds will remain outstanding.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Lee Kwan Hung, Eddie, Mr. Liu Sai Keung, Thomas and Mr. Sing Chung Matthias Li, to advise the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie. None of the members of the Independent Board Committee has any interest or involvement in the Merger, the Proposed Spin-off and the Distribution in Specie.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie. The Independent Board Committee will form its view in respect of the Merger, the Proposed Spin-off and the Distribution in Specie after obtaining and considering the advice from Gram Capital.

## GENERAL

Pursuant to Rule 14.60(7) of the Listing Rules, a circular containing, among other things: (i) further details of the Merger, the Proposed Spin-off and the Distribution in Specie; (ii) a letter of advice from the Independent Board Committee to the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Shareholders in relation to the Merger, the Proposed Spin-off and the Distribution in Specie; and (iv) a notice of the EGM and a form of proxy shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare and finalise information to be included in the circular, the circular is currently expected to be despatched to the Shareholders by the end of June 2023. Shareholders and potential investors should refer to the circular for further details of the Merger, the Proposed Spin-off and the Distribution in Specie.

**Shareholders and potential investors in the Company should note that the consummation of the Merger, the Proposed Spin-off and the Distribution in Specie are subject to the approval of the PN15 Application by the Stock Exchange and the fulfilment of certain conditions, and that the Merger Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Merger, the Proposed Spin-off and the Distribution in Specie will proceed or be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**

## INTRODUCTION

On 18 April 2023 (after trading hours), the Company, Best Assistant (an indirect non wholly-owned subsidiary of the Company), GEHI and Merger Sub (a direct wholly-owned subsidiary of GEHI) entered into the Merger Agreement in relation to the Merger.

The transactions contemplated under the Merger Agreement involve, among other things: (i) the eLMTree Restructuring, namely the incorporation of eLMTree as a wholly-owned subsidiary of Best Assistant and Best Assistant transferring the Spin-off Business to eLMTree; (ii) the Best Assistant Redemption, namely all shares reserved by Best Assistant under the share award scheme of Best Assistant being granted and interests in Best Assistant held by all existing shareholders of Best Assistant (except for one ordinary share of Best assistant held by ND (BVI), a direct wholly-owned subsidiary of the Company) being redeemed in exchange for ordinary shares of eLMTree, or otherwise being procured that such shares of the Company are exchanged for newly-issued ordinary shares of eLMTree in any other manner permitted by applicable law; and (iii) the Merger, namely Merger Sub merging with and into eLMTree with eLMTree surviving after the Merger. Following Closing, eLMTree will become a direct wholly-owned subsidiary of GEHI, a company listed on the NYSE (NYSE ticker: GEHI).

## MERGER AND PROPOSED SPIN-OFF

### Merger Agreement

The principal terms of the Merger Agreement are summarised as follows:

**Date:** 18 April 2023 (after trading hours)

**Parties:**

- (1) Best Assistant
- (2) the Company
- (3) GEHI
- (4) Merger Sub

((3) and (4), collectively, the “**GEHI Parties**”)

eLMTree will become a party to the Merger Agreement by executing a joinder after its incorporation as soon as reasonably practicable after the date of the Merger Agreement.

(Best Assistant and eLMTree, collectively, the “**eLMTree Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the GEHI Parties and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. As at the date of this announcement, an affiliate of the ACP Investor (being holder of the Existing ACP Bonds) is also a shareholder of GEHI, holding approximately 29.8% of the equity interests in GEHI.

**Subject Matters:**

- (1) **eLMTree Restructuring:** As soon as reasonably practicable after the date of the Merger Agreement, Best Assistant will incorporate eLMTree as its wholly-owned subsidiary, and transfer the Spin-off Business to eLMTree;
- (2) **Best Assistant Redemption:** Immediately prior to Closing, all shares reserved by Best Assistant under the employee share award scheme of Best Assistant will be granted and the interests in Best Assistant held by all existing shareholders of Best Assistant (other than one ordinary share of Best Assistant held by ND (BVI)) will be redeemed in exchange for ordinary shares of eLMTree, or it will be otherwise procured that such shares of Best Assistant are exchanged for newly-issued ordinary shares of eLMTree in any other manner permitted by applicable law; and
- (3) **Merger:** On the Closing Date, pursuant to the terms and subject to the conditions of the Merger Agreement, Merger Sub will merge with and into eLMTree with eLMTree surviving after the Merger.

Immediately upon Closing:

- (i) GEHI will own 100% of the equity interests in eLMTree, which wholly-owns the Spin-off Business;
- (ii) ND (BVI), a direct wholly-owned subsidiary of the Company, will hold approximately 72.9% equity interests of GEHI upon completion of the Merger (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP); and
- (iii) GEHI and its subsidiaries (including eLMTree) will be consolidated into the consolidated financial statements of the Company. The Company will account GEHI in the accounts of the Company as a subsidiary.

It is intended that immediately before Closing, all GEHI Class A Shares and GEHI Class B Shares shall be re-designated as GEHI Ordinary Shares, and GEHI will be renamed as “Mynd. ai, Inc.” (NYSE ticker: MYND) or such other name as determined by the eLMTree Parties.

The Company anticipates that Closing will take place by the end of the third quarter of 2023.

**Considerations:**

The total consideration payable by GEHI to eLMTree’s shareholders (including ND (BVI)) in connection with GEHI acquiring eLMTree (which operates the Spin-off Business) will be in the form of newly issued GEHI Ordinary Shares (the “**GEHI Consideration Shares**”). Pursuant to the Merger Agreement, each ordinary share of eLMTree issued and outstanding immediately prior to the Effective Time (excluding the Dissenting eLMTree Shares and the Excluded eLMTree Shares) will be cancelled in exchange for the right to receive a number of validly issued, fully paid and non-assessable GEHI Ordinary Shares equal to (a) the eLMTree per share value (which is in turn calculated by (i) the eLMTree equity value of US\$750,000,000 *divided by* (ii) the number of ordinary shares of eLMTree that are outstanding immediately prior to Closing but after completion of the Best Assistant Redemption), *divided by* (b) the GEHI per share value (which is in turn calculated by (i) the GEHI equity value of US\$50,000,000, *divided by* (ii) the number of all GEHI Class A Shares that are outstanding immediately prior to Closing on a fully-diluted basis).

Upon Closing, the Company, through ND (BVI), shall receive GEHI Ordinary Shares representing approximately 72.9% equity interests of GEHI (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP) or approximately 61.3% equity interests of GEHI (after the Distribution in Specie and assuming the New ACP Bonds are fully converted and all share awards are granted under the New ESOP).

The equity value of the GEHI Consideration Shares to be received by Best Assistant upon Closing was determined after arm's length negotiations between the parties with reference to, among other things: (a) the current business operations of the Spin-off Business; and (b) future development plans of the Spin-off Business.

**Basis for Determination of Considerations:**

The equity value of eLMTree is US\$750,000,000 (calculated on a fully-diluted basis), assuming normalised levels of working capital. This valuation was arrived at after arm's length negotiations between the parties with reference to, among other things: (a) the current business operations of the Spin-off Business; and (b) future development plans of the Spin-off Business.

The equity value of GEHI (after the divestment of GEHI's PRC education business) is US\$50,000,000 (calculated on a fully-diluted basis), assuming that GEHI has net cash of US\$15,000,000 at the Closing. This valuation was arrived at after arm's length negotiations between the parties with reference to, among other things: (a) the current business operations of GEHI (excluding GEHI's PRC education business upon the GEHI Divestiture); and (b) future development plans of GEHI (excluding GEHI's PRC education business upon the GEHI Divestiture).

**Conditions Precedent:**

The respective obligations of each party to the Merger Agreement to effect the transactions contemplated thereunder shall be subject to the satisfaction of the following conditions (the "CPs") as at the Closing Date:

- (a) at the extraordinary general meeting of the shareholders of GEHI, the necessary shareholders' approvals for the following matters shall have been obtained and shall remain in full force and effect: (i) the adoption of the Merger Agreement and the transactions contemplated thereunder; (ii) the issuance of GEHI Consideration Shares; (iii) the adoption of the amended and restated memorandum and articles of association of GEHI (and the re-designation of share capital and the change of name as mentioned above); and (iv) any other proposals that the parties to the Merger Agreement deem necessary or desirable to consummate the transactions contemplated thereunder (collectively, the "**GEHI Shareholder Approval**");
- (b) at the EGM, the necessary shareholders' approvals for the adoption of the Merger Agreement and the transactions contemplated thereunder shall have been obtained and shall remain in full force and effect;

- (c) (i) all applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) will have expired or otherwise been terminated; (ii) the review process by the Committee on Foreign Investment in the United States shall have been completed; and (iii) the Stock Exchange's clearance on the circular to be despatched by the Company in connection with the Merger, the Proposed Spin-off and the Distribution in Specie shall have been obtained and the Stock Exchange's approval in respect of PN15 with respect to the transactions contemplated under the Merger Agreement shall have been obtained and remain effective;
- (d) no provision of any applicable legal requirement prohibiting, enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement shall be in effect, and no temporary, preliminary or permanent order enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement shall be in effect;
- (e) the NYSE shall have approved the listing application submitted by GEHI in connection with the GEHI Consideration Shares being approved for listing on the NYSE on a tier no lower than the GEHI Class A Shares traded through ADSs of GEHI on the date of the Merger Agreement;
- (f) no general suspension or material limitation of trading in the ADSs of GEHI has been imposed or threatened by the SEC or the NYSE (except for the threatened suspension as disclosed on the Form 6-K filed with the SEC on 20 April 2022, or in connection with the Holding Foreign Companies Accountable Act);
- (g) the conditions for the closing of the transactions under the New ACP Bond Purchase Agreement shall have been satisfied or waived, and such closing shall have occurred concurrently at Closing;
- (h) the conditions for the closing of the transactions under the GEHI Divestiture Agreement shall have been satisfied or waived, and such closing shall have occurred immediately prior to Closing;
- (i) the conditions for the closing of the transactions under the GEHI Share Purchase Agreement shall have been satisfied or waived, and such closing shall have occurred immediately prior to Closing; and
- (j) the GEHI Board shall consist of four (4) independent directors and three (3) directors, in each case to be designated in writing by Best Assistant as contemplated under section headed "*GEHI Board Composition*", immediately after the Effective Time.



### **Additional Conditions Precedent for the eLMTree Parties**

The obligations of the eLMTree Parties to consummate and effect the Merger and the other transactions as contemplated under the Merger Agreement shall be subject to the satisfaction or waiver exclusively by Best Assistant in writing of the following conditions as at the Closing Date:

- (a) the representations and warranties of each GEHI Party shall be true and correct in all respects as at the Closing Date, except that, for the representations and warranties of each GEHI Party other than customary fundamental representations and warranties, in the case where any failures of certain non-fundamental representations and warranties to be true and correct in all respects, individually and in the aggregate, has not had and is not reasonably likely to have a material adverse effect on GEHI;
- (b) each GEHI Party shall have performed or complied in all material respects with all agreements and covenants as required under the Merger Agreement on or prior to the applicable Closing Date;
- (c) no material adverse effect on GEHI shall have occurred since the date of the Merger Agreement;
- (d) the Cash Requirement with respect to GEHI is satisfied on the Closing Date;
- (e) GEHI shall have delivered to eLMTree and Best Assistant a certificate signed by a duly authorised officer dated as at the Closing Date, certifying as to the matters set forth in (a) to (d) above;
- (f) the memorandum and articles of association of GEHI shall have been amended and restated in its entirety in the form specified under the Merger Agreement and the GEHI Class B Share Conversion shall have occurred;
- (g) GEHI shall have delivered the registration rights agreement, duly executed by GEHI; and
- (h) GEHI shall have delivered to Best Assistant a PRC law legal opinion that the GEHI Divestiture complies with the legal requirements of the PRC, in form and substance reasonably satisfactory to eLMTree and Best Assistant.

### **Additional Conditions Precedent for the GEHI Parties**

The obligations of the GEHI Parties to consummate and effect the Merger and the other transactions as contemplated under the Merger Agreement shall be subject to the satisfaction or waiver exclusively by GEHI in writing of the following conditions as at the Closing Date:

- (a) the representations and warranties of each eLMTree Party shall be true and correct in all respects as at the applicable date, based on the assumption that the eLMTree Restructuring shall have been completed pursuant to the terms of the Merger Agreement, except that, for the representations and warranties of each eLMTree Party other than customary fundamental representations and warranties, in the case where any failures of certain non-fundamental representations and warranties to be true and correct in all respects, individually and in the aggregate, has not had and is not reasonably likely to have a material adverse effect on eLMTree;
- (b) each eLMTree Party shall have performed or complied in all material respects with all agreements and covenants as required under the Merger Agreement on or prior to the applicable Closing Date;
- (c) no material adverse effect on eLMTree shall have occurred since the date of the Merger Agreement;
- (d) the Cash Requirement with respect to eLMTree is satisfied on the Closing Date;
- (e) the eLMTree Restructuring shall have been completed pursuant to the Merger Agreement; and
- (f) Best Assistant shall have delivered to GEHI a certificate signed by a duly authorised officer dated as at the applicable Closing Date, certifying as to the matters set forth in (a) to (e) above.

### **GEHI Board Composition:**

Immediately after the Effective Time, the board of directors of GEHI (the “**GEHI Board**”) shall consist of seven (7) directors, of which: (i) three (3) directors will be designated in writing by Best Assistant, with one (1) of such directors being the chairman of the GEHI Board; and (ii) the remaining four (4) directors will be independent directors to be designated in writing by Best Assistant.

**Termination:**

The Merger Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of GEHI and Best Assistant;
- (b) by either GEHI or Best Assistant, if Closing shall not have occurred by the date that is six (6) months after the date of the Merger Agreement (the “**Outside Date**”), unless failure of Closing to occur on or before such date is mainly due to the action or failure to act of GEHI (including any GEHI Parties) or Best Assistant (including any eLMTree Parties) respectively, which constitutes a breach of the Merger Agreement;
- (c) by either GEHI or Best Assistant, if a governmental entity shall have issued an order or taken any other action with the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated under the Merger Agreement, including the Merger, which order or other action is final and non-appealable;
- (d) by Best Assistant, upon a breach of any covenant or agreement set forth in the Merger Agreement on the part of any GEHI Party, or if any representation or warranty of any GEHI Party shall have become untrue, in a manner that would cause the failure of a mutual condition to closing or condition to eLMTree Parties’ obligation to close under the Merger Agreement and such breach is not cured until the earlier of: (i) thirty (30) days after delivery of written notice from Best Assistant to GEHI of such breach; and (ii) the Outside Date;
- (e) by GEHI, upon a breach of any covenant or agreement set forth in the Merger Agreement on the part of any eLMTree Party, or if any representation or warranty of any eLMTree Party shall have become untrue, in a manner that would cause the failure of a mutual condition to closing or condition to GEHI’s obligation to close under the Merger Agreement and such breach remains uncured on the earlier of: (i) thirty (30) days after delivery of written notice from Best Assistant to GEHI of such breach; and (ii) the Outside Date;
- (f) by either GEHI or Best Assistant, if, at the extraordinary general meeting of the shareholders of GEHI, the GEHI Shareholder Approval is not obtained;
- (g) by either GEHI or Best Assistant, if, at the EGM, the necessary shareholders’ approvals for the adoption of the Merger Agreement and the transactions contemplated thereunder are not obtained; or

- (h) by either GEHI or Best Assistant, if the New ACP Bond Purchase Agreement, the GEHI Divestiture Agreement or the GEHI Share Purchase Agreement is terminated in accordance with its terms; provided, that neither GEHI nor Best Assistant may terminate the Merger Agreement on such ground if it shall have materially breached the Merger Agreement or if it or any of its affiliates shall have materially breached the New ACP Bond Purchase Agreement, the GEHI Divestiture Agreement or the GEHI Share Purchase Agreement, and, in each case such breach has not been cured.

### **Insider Lock-up Agreement**

Contemporaneously with the execution of the Merger Agreement, ND (BVI) entered into a lock-up agreement with GEHI (the “**Insider Lock-up Agreement**”) with respect to the GEHI Consideration Shares to be received by ND (BVI). Pursuant to the Insider Lock-up Agreement, ND (BVI) will be subject to a 12-month lock-up with respect to 50% of its GEHI Consideration Shares and a 24-month lock-up with respect to the remaining 50% of its GEHI Consideration Shares, subject to early release in 20% of its GEHI Consideration Shares to the extent the per share closing price for GEHI Ordinary Shares is greater than 150% of the GEHI per share value calculated according to the section headed “*Considerations*” in this announcement over any 20 trading days within any consecutive 30 trading day period commencing at least 150 days after the Closing Date.

### **Voting Undertakings**

Contemporaneously with the execution of the Merger Agreement, DJM entered into a voting undertaking, under which DJM has agreed to, among other things, vote at the EGM in favour of the resolutions proposed at the EGM approving the Merger and the Proposed Spin-off.

Contemporaneously with the execution of the Merger Agreement, each of the GEHI Voting Agreement Signatories also entered into a voting undertaking, under which each GEHI Voting Agreement Signatory has agreed to vote in favour of, among other things, (i) the approval and adoption of the Merger Agreement and the transactions contemplated thereby, and (ii) any other matter in connection with the Merger or the transactions contemplated under the Merger Agreement to the extent considered and voted upon by the shareholders of GEHI.

### **New ACP Bond Purchase Agreement**

Contemporaneously with the execution of the Merger Agreement, the ACP Investor, GEHI and Best Assistant entered into the New ACP Bond Purchase Agreement, pursuant to which, concurrently with Closing, the ACP Investor will purchase the New ACP Bonds.

### **GEHI Share Purchase Agreement**

Contemporaneously with the execution of the Merger Agreement, the Secondary Sellers and ND (BVI), a direct wholly-owned subsidiary of the Company, entered into the GEHI Share Purchase Agreement, pursuant to which ND (BVI) has agreed to purchase from the Secondary Sellers 8,588,960 GEHI Class A Shares (representing approximately 30% of the issued share capital of GEHI as at the date of this announcement, the “**Secondary Sale Shares**”) at an aggregate consideration of US\$15 million.

The closing under the GEHI Share Purchase Agreement (the “**Secondary Sale Closing**”) shall take place no later than the 10th business day following the fulfilment of the conditions set forth in the GEHI Share Purchase Agreement and immediately prior to Closing.

The obligation of the Secondary Sellers and ND (BVI) to consummate the Secondary Sale are subject to the satisfaction or waiver of the following conditions:

- (a) the closing with respect to all the Secondary Sale Shares shall have occurred substantially simultaneously;
- (b) the conditions for the closing of the transactions under the Merger Agreement shall have been satisfied or waived and Closing shall have occurred substantially simultaneously with the Secondary Sale Closing;
- (c) the conditions for the closing of the transactions under the New ACP Bond Purchase Agreement shall have been satisfied or waived and the closing contemplated thereunder shall have occurred substantially simultaneously with the Secondary Sale Closing;
- (d) the conditions for the closing of the transactions contemplated under the section headed “*Redemption of Existing ACP Bonds*” in this announcement shall have been satisfied or waived and the closing thereunder shall have occurred simultaneously with the Secondary Sale Closing;
- (e) the transactions contemplated under the GEHI Divestiture Agreement shall have been completed;
- (f) no authority shall have enacted, issued, promulgated, enforced or entered any law or order that is in effect and would (i) make the Secondary Sale Closing illegal or (ii) otherwise prohibit or enjoin consummation of the transactions contemplated by the GEHI Share Purchase Agreement;
- (g) no action shall be pending or threatened by any authority against any of the Secondary Sellers or ND (BVI) seeking to prohibit or enjoin consummation of the transactions contemplated by the GEHI Share Purchase Agreement; and
- (h) all consents of any authority required in connection with the transactions contemplated by the GEHI Share Purchase Agreement shall have been obtained.

The obligations of each Secondary Seller to consummate the Secondary Sale are subject to the satisfaction or waiver of the following conditions:

- (a) all of the representations and warranties of the ND (BVI) contained in the GEHI Share Purchaser Agreement shall be true and correct in all material respects (other than certain fundamental representations and warranties which shall be true and correct in all respects except for *de minimis inaccuracies*); and
- (b) ND (BVI) shall have performed all of its obligations contained in the GEHI Share Purchase Agreement (to be performed prior to the Secondary Sale Closing) in all material respects.

The obligations of ND (BVI) to consummate the Secondary Sale are subject to the satisfaction or waiver of the following conditions:

- (a) all of the representations and warranties of the Secondary Sellers contained in the GEHI Share Purchase Agreement shall be true and correct in all material respects (other than certain fundamental representations and warranties of the Secondary Sellers which shall be true and correct in all respects except for *de minimis* inaccuracies);
- (b) the Secondary Sellers shall have performed all of their obligations contained in the GEHI Share Purchase Agreement (to be performed prior to the Secondary Sale Closing) in all material respects;
- (c) no material adverse effect on GEHI and its subsidiaries shall have occurred;
- (d) trading in the ADSs of GEHI has not been, or been threatened to be, suspended by the SEC or the NYSE;
- (e) the GEHI Class B Share Conversion shall have been completed; and
- (f) there shall have been no actual violation of anti-corruption laws by GEHI or its subsidiaries or the Secondary Sellers in connection with GEHI or its subsidiaries that would reasonably likely cause a material loss to GEHI and its subsidiaries, taken as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Secondary Sellers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. The consideration payable under the GEHI Share Purchase Agreement has been arrived at after arm's length negotiation between the parties with reference to GEHI's equity valuation of US\$50,000,000.

### **GEHI Divestiture Agreement**

Contemporaneously with the execution of the Merger Agreement, GEHI and the Divestiture Purchaser entered into a share purchase agreement (the "**GEHI Divestiture Agreement**"), pursuant to which the Divestiture Purchaser has agreed to purchase from GEHI its education businesses in the PRC at an aggregate consideration of US\$15 million. The consideration has been arrived at based on the fair value of GEHI's education business in the PRC, and may be settled by the proceeds to be received by the Secondary Sellers under the GEHI Share Purchase Agreement.

Upon completion of the GEHI Divestiture as contemplated under the GEHI Divestiture Agreement, GEHI will cease to conduct any education business in the PRC, and will only engage in education business in Singapore. Accordingly, upon completion of the GEHI Divestiture, GEHI will cease to generate any revenue from its PRC education business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Divestiture Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## Termination of the Existing GEHI ESOPs and Adoption of the New ESOP

It is contemplated that, concurrently with Closing, the existing share incentive plans of GEHI (the “Existing GEHI ESOPs”) will be terminated. After Closing, GEHI plans to adopt a new equity compensation plan providing for a total pool of awards of GEHI Ordinary Shares not exceeding 10% of the aggregate number of GEHI Ordinary Shares outstanding (the “New ESOP”).

## GENERAL INFORMATION

### Information of the Company

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in online and mobile games development, including games design, programming and graphics and online and mobile games operation, education business, mobile solution, products and marketing business and property project business.

### Information of the eLMTree Parties

Best Assistant, a company incorporated in the Cayman Islands with limited liability, and is an indirect non wholly-owned subsidiary of the Company principally engaged in education business.

eLMTree is an exempted company to be incorporated in the Cayman Islands as soon as reasonably practicable after the date of the Merger Agreement, as a direct wholly-owned subsidiary of Best Assistant and an indirect non wholly-owned subsidiary of the Company. The principal activity of eLMTree is intended to be investment holding.

As at the date of this announcement, Best Assistant owns the Spin-off Business mainly through its four wholly-owned subsidiaries, namely Promethean, Edmodo, Elernity Thailand and Sky Knight. Prior to Closing, Best Assistant will transfer the Spin-off Business to eLMTree as contemplated under the eLMTree Restructuring.

Set out below is the unaudited financial information of the Spin-off Business for the years ended 31 December 2021 and 2022:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>
Net Profit (loss) (before tax)	RMB49,002,650	RMB(35,556,662)
Net Profit (after tax)	RMB114,468,816	RMB171,804,253
Total Net Assets	RMB860,185,681	RMB1,077,036,587

## Information of the GEHI Parties

GEHI is a company listed on the NYSE (NYSE: GEHI). GEHI, previously known as RYB Education Inc., is primarily engaged in the education business in the PRC and Singapore. Upon the GEHI Divestiture, GEHI will cease to conduct any business in the PRC, and will continue to operate its education business in Singapore. GEHI's Singapore operations offer child care services and student care services, and deliver quality and innovative education contents to students in Singapore. As at 31 December 2021, GEHI had 18 directly operated and 9 franchised child care centres in operation in Singapore, and 36 directly operated and 4 franchised student care centers in operation in Singapore. Total student enrollment and total teaching staff at the directly operated kindergartens and directly operated student care centers in Singapore was 5,742 and 616 as at 31 December 2021, respectively. As publicly disclosed in GEHI's 2021 annual report, for the years ended 31 December 2019, 2020 and 2021, (i) the audited net revenue in respect of GEHI's Singapore child care centres, student care centres and others amounted to US\$19.1 million, US\$26.0 million and US\$31.0 million, respectively; and (ii) the audited gross profit in respect of GEHI's Singapore child care centres, student care centres and others amounted to US\$2.9 million, US\$4.5 million and US\$5.6 million, respectively.

Set out below is the unaudited and unreviewed financial information of GEHI's Singapore child care centres, student care centres and others for the years ended 31 December 2020 and 2021.

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
Net Profit (loss) (before tax)	US\$5,246,903	US\$4,420,064
Net Profit (after tax)	US\$4,745,990	US\$3,804,471
Total Net Assets	US\$5,698,533	US\$9,403,136

Merger Sub is an exempted company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of GEHI. The principal activity of Merger Sub is investment holding. Merger Sub has been formed solely to enter into the Merger Agreement and perform its obligations thereunder.



## **Information of the Secondary Sellers**

Joy Year Limited is an exempted company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. Joy Year Limited is ultimately held by The Top Genius Trust, a trust established with the laws of Guernsey and managed by Credit Suisse Trust Limited as the trustee. Mr. Chimin Cao is the settlor of The Top Genius Trust, and Mr. Cao and his family members are the trust's beneficiaries. Under the terms of this trust, Mr. Cao has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to the shares held by Joy Year Limited in GEHI.

Bloom Star Limited is an exempted company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. Bloom Star Limited is ultimately held by The Noble Hero Trust, a trust established with the laws of Guernsey and managed by Credit Suisse Trust Limited as the trustee. Ms. Yanlai Shi is the settlor of The Noble Hero Trust, and Ms. Shi and her family members are the trust's beneficiaries. Under the terms of this trust, Ms. Shi has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to the shares held by Bloom Star Limited in GEHI.

Ascendent Rainbow (Cayman) Limited is an exempted company incorporated in the Cayman Islands with limited liability and an affiliate of the ACP Investor. The principal activity of Ascendent Rainbow (Cayman) Limited is investment holding.

Trump Creation Limited is an exempted company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding.

China Growth Capital Limited is an exempted company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding.

## **Information of the Divestiture Purchaser**

Rainbow Companion, Inc. is an exempted company incorporated in the Cayman Islands with limited liability and is a special purpose vehicle formed by the Secondary Sellers and their affiliates. The principal activity of the Divestiture Purchaser is investment holding.

## **Information of the ACP Investor**

Nurture Education (Cayman) Limited is an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of ACP Fund II, the general partner of which is Ascendent Capital Partners II GP, L.P, whose general partner is in turn Ascendent Capital Partners II GP Limited. The principal activity of the ACP Investor is investment holding.

## **REASONS FOR AND BENEFITS OF THE MERGER AND THE PROPOSED SPIN-OFF**

The Company considers that the Merger and the Proposed Spin-off come with the following benefits:

- (i) the Spin-off Business under eLMTree has always been operated on a stand-alone basis from the Group's gaming business and PRC education business. The Merger will allow the Group to unlock and realise the fair value of the Spin-off Business via the value of the Company's shareholding in GEHI, which is expected to create significant value to the Shareholders, as well as to unlock and realise the fair value of the Remaining Group;
- (ii) the Merger includes a business combination of the Spin-off Business of eLMTree with GEHI's Singapore operations, which is expected to provide business synergies. GEHI's significant market presence in Singapore is of strategic importance to the Spin-off Business. Currently, the Spin-off Business is exploring opportunities for country-level projects in Singapore and in other parts of Southeast Asia. Tapping into the Singapore market through GEHI will enhance the Spin-off Business in the region;
- (iii) the Merger will provide the Group with an independent fundraising platform and enlarged shareholder base for eLMTree under GEHI to target global education investors, thereby enhancing the fundraising capability of the Spin-off Business to drive business growth;
- (iv) the Merger will provide investors, financial institutions, and rating agencies with greater transparency on the operations and financial condition of the Remaining Group and eLMTree on a stand-alone basis, which would help investors form their investment decisions with a better understanding of the operating results, financial condition, management, strategies, risks and returns of the Remaining Group and eLMTree, respectively;
- (v) the Merger will allow the Remaining Group to focus on its gaming business and PRC education business;
- (vi) the Merger will enable the Remaining Group and eLMTree to build separate corporate profiles, thereby increasing their ability to attract investors, partners, and employees for the further development of their respective businesses; and
- (vii) the NYSE is a well-known and reputable stock exchange globally. The merger of eLMTree with a NYSE-listed company will strengthen the reputation of eLMTree and in turn support eLMTree's future business growth and fundraising capabilities within the U.S. and globally.

Having considered the above, the Directors (excluding the independent non-executive Directors who will form their view after obtaining and considering the advice from Gram Capital) are of the view that the Merger and the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL IMPACT OF THE MERGER AND THE PROPOSED SPIN-OFF

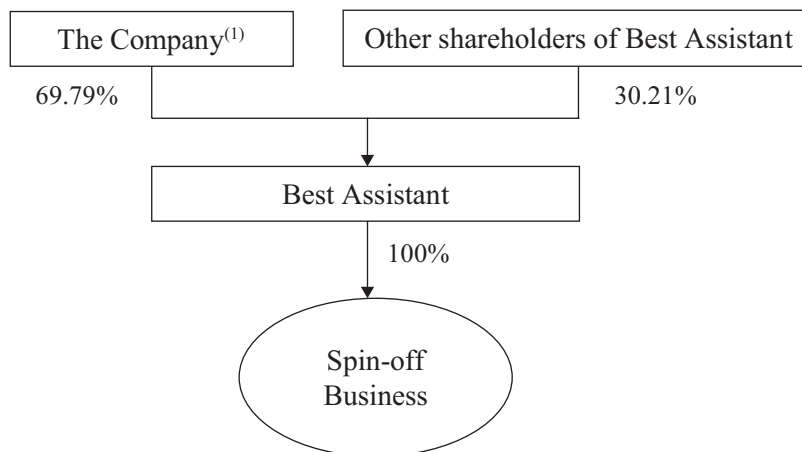
Immediately after Closing, (a) the Company, through ND (BVI), will be interested in approximately 72.9% of the issued share capital of GEHI (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP), or approximately 61.3% of the issued share capital of GEHI on a fully-diluted basis (after the Distribution in Specie and assuming the New ACP Bonds are fully converted and all share awards under the New ESOP are granted); and (b) eLMTree will be directly wholly-owned by GEHI.

As the Company will hold approximately 61.3% of the issued share capital of GEHI on a fully-diluted basis (after the Distribution in Specie and assuming the New ACP Bonds are fully converted and all share awards under the New ESOP are granted) upon Closing, and GEHI and its subsidiaries (including eLMTree) will be accounted into the accounts of the Company as subsidiaries of the Company, it is expected that the Company will not record any gain or loss in the consolidated statement of profit or loss and other comprehensive income in respect of the Merger and the Proposed Spin-off, subject to audit.

Shareholders should note that the financial effects set out above are for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements upon Closing with reference to, among other things, the actual costs and expenses associated with the Merger and Proposed Spin-off, and is subject to audit.

## CORPORATE STRUCTURE OF THE GROUP

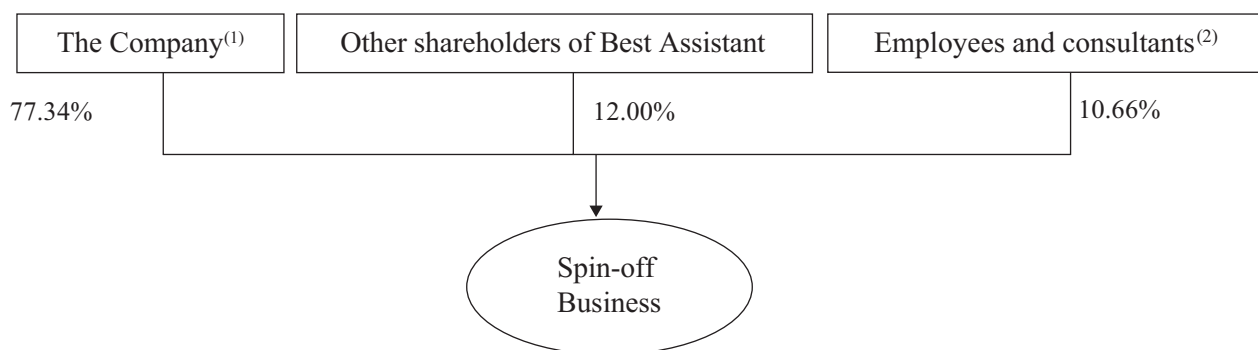
The following diagram is a simplified illustration of the corporate structure of the Group and the Spin-off Business as at the date of this announcement:



*Note:*

1. The Company, indirectly through ND (BVI), holds Best Assistant as to 69.79% on fully diluted basis assuming all series A and B shareholdings have been converted and the existing employee share award pool has been granted.

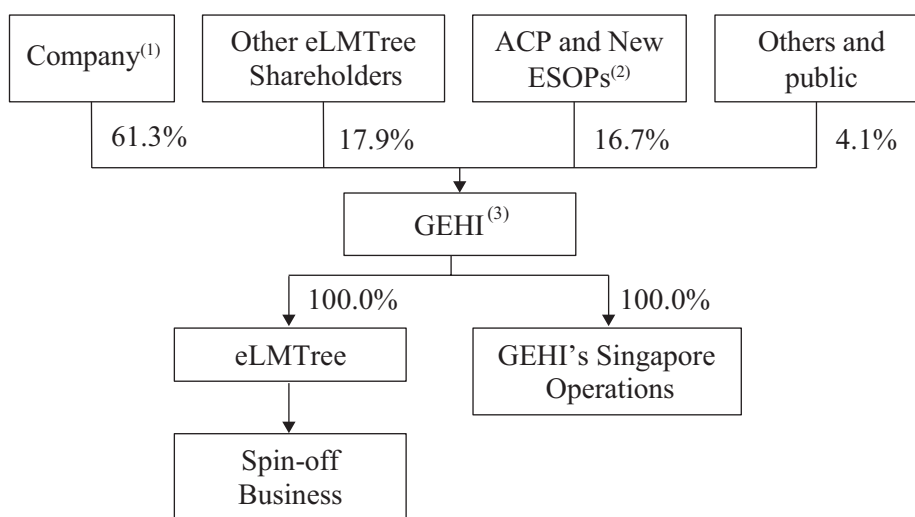
The following diagram is a simplified illustration of the corporate structure of the Group and the Spin-off Business immediately upon completion of the eLMTree Restructuring and the Best Assistant Redemption and prior to the Merger:



Notes:

1. The Company will indirectly hold approximately 77.34% shares in eLMTree through ND (BVI) after the Best Assistant Redemption.
2. Best Assistant has granted certain share awards to certain employees and consultants of Best Assistant in recognition to their contribution to the development of Best Assistant and its subsidiaries. Such share awards will be converted into shares of Best Assistant before the Best Assistant Redemption.

The following diagram is a simplified illustration of the corporate structure of the Group and the Spin-off Business immediately upon Closing:



Notes:

1. The Company will indirectly hold approximately 61.3% equity interests in GEHI through ND (BVI) (after the Distribution in Species and assuming the New ACP Bonds are fully converted and all share awards are granted under the New ESOP).
2. The ACP Investor and the New ESOP of 16.7% comprise (i) 10.0% to be held by holders of the share awards granted by GEHI under the New ESOP; (ii) 5.9% to be held by the ACP Investor upon the New ACP Bonds are fully converted; and (iii) 0.8% to be held by the ACP Investor as a direct shareholder.
3. GEHI will be renamed as “Mynd.ai, Inc.” (NYSE ticker: MYND) or such other name as determined by the eLMTree Parties.

## **ASSURED ENTITLEMENT AND DISTRIBUTION IN SPECIE**

To give due regard to the interests of the Shareholders, conditional upon Closing, the Directors propose to declare a special dividend to the Shareholders by way of the distribution in specie of certain GEHI Ordinary Shares to be held by the Company (indirectly through ND (BVI)) after Closing (or cash alternative under certain circumstances), in proportion to their respective shareholdings in the Company (the “**Distribution in Specie**”). Based on the Board’s preliminary estimate and expectation, it is proposed that all the Shareholders will in aggregate be entitled to the Distribution in Specie of a total of not more than 2% of GEHI Ordinary Shares to be indirectly held by the Company after Closing, representing a maximum of approximately 1.49% of the equity interests in GEHI after Closing (assuming the New ACP Bonds are not converted and no share awards are granted under the New ESOP). Terms of the Distribution in Specie have not been finalised and are subject to change. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As eLMTree will become a wholly-owned subsidiary of GEHI, a company listed on the NYSE, the Merger will constitute a spin-off of eLMTree by the Company which is subject to the applicable requirements under PN15. The Company has submitted to the Stock Exchange the PN15 Application in connection with the Proposed Spin-off. As at the date of this announcement, the PN15 Application is still under consideration by the Stock Exchange.

The Proposed Spin-off will constitute a disposal of the Spin-off Business by the Company. As one or more applicable percentage ratios under the Listing Rules in respect of the Proposed Spin-off exceed 25%, and all applicable percentage ratios under the Listing Rules in respect of the Proposed Spin-off are below 75%, the Proposed Spin-off constitutes a major disposal for the Company under Chapter 14 of the Listing Rules.

The Merger, together with the Secondary Sale, will constitute the acquisitions of approximately 72.9% interests (after the Distribution in Specie but assuming the New ACP Bonds are not converted and the share awards are not granted under the New ESOP) or approximately 61.30% interests (after the Distribution in Specie and assuming the New ACP Bonds are fully converted and all share awards are granted under the New ESOP) in GEHI by the Company. As one or more applicable percentage ratios under the Listing Rules in respect of the Merger exceed 25% and all applicable percentage ratios under the Listing Rules in respect of the Merger are below 100%, the Merger constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Accordingly, the Merger and the Proposed Spin-off are subject to the reporting, announcement, circular and the shareholders’ approval requirements under PN15 and Chapter 14 of the Listing Rules.

## **EGM**

The Company will convene the EGM to seek the Shareholders' approval for the Merger, the Proposed Spin-off and the Distribution in Specie. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Merger, the Proposed Spin-off and the Distribution in Specie. As such, no Shareholder is required to abstain from voting in the EGM.

## **REDEMPTION OF EXISTING ACP BONDS**

References are made to the announcements of the Company dated 10 November 2019 and 10 March 2020 in connection with, among other things, the issuance of the Existing ACP Bonds by Best Assistant to the ACP Investor.

Contemporaneously with the execution of the Merger Agreement, the Company, Best Assistant, ND (BVI), the ACP Investor and other parties to the purchase agreement of the Existing ACP Bonds dated 10 November 2019 and certain other subsidiaries of the Company entered into a deed of amendment, conditional waiver and redemption in relation to the Existing ACP Bonds, pursuant to which Best Assistant will redeem US\$125 million of the principal amount of the Existing ACP Bonds at Closing. It is contemplated that, prior to Closing, the Company, through ND (BVI), will make a capital injection of US\$120 million to Best Assistant in exchange for the issuance of 475,940,111 ordinary shares of Best Assistant to ND (BVI) and Best Assistant will use the proceeds from such capital injection and other existing cash at Best Assistant for the redemption of US\$125 million in the principal amount of the Existing ACP Bonds. The remaining US\$25 million of the principal amount of the Existing ACP Bonds will remain outstanding.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Lee Kwan Hung, Eddie, Mr. Liu Sai Keung, Thomas and Mr. Sing Chung Matthias Li, to advise the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie. None of the members of the Independent Board Committee has any interest or involvement in the Merger, the Proposed Spin-off and the Distribution in Specie.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie. The Independent Board Committee will form its view in respect of the Merger, the Proposed Spin-off and the Distribution in Specie after obtaining and considering the advice from Gram Capital.

## GENERAL

Pursuant to Rule 14.60(7) of the Listing Rules, a circular containing, among other things: (i) further details of the Merger, the Proposed Spin-off and the Distribution in Specie; (ii) a letter of advice from the Independent Board Committee to the Shareholders on the Merger, the Proposed Spin-off and the Distribution in Specie; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Shareholders in relation to the Merger, the Proposed Spin-off and the Distribution in Specie; and (iv) a notice of the EGM and a form of proxy shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare and finalize information to be included in the circular, the circular is currently expected to be despatched to the Shareholders by the end of June 2023. Shareholders and potential investors should refer to the circular for further details of the Merger, the Proposed Spin-off and the Distribution in Specie.

**Shareholders and potential investors in the Company should note that the consummation of the Merger, the Proposed Spin-off and the Distribution in Specie are subject to the approval of the PN15 Application by the Stock Exchange and the fulfilment of certain conditions, and that the Merger Agreement may be terminated in certain circumstances. Accordingly, there is no assurance that the Merger, the Proposed Spin-off and the Distribution in Specie will proceed or be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“ACP Investor”	Nurture Education (Cayman) Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of ACP Fund II, the general partner of which is Ascendent Capital Partners II GP, L.P, whose general partner is in turn Ascendent Capital Partners II GP Limited;
“ADS”	American depositary shares;
“Best Assistant”	Best Assistant Education Online Limited, an exempted company incorporated in the Cayman Islands with limited liability, indirectly owned as to approximately 69.79% (on fully diluted basis assuming all series A and B shareholdings have been converted and the existing employee share award pool has been granted) by the Company as at the date of this announcement;

“Best Assistant Redemption”	after the eLMTree Restructuring and immediately prior to Closing, the granting of all shares reserved by Best Assistant under the share award scheme of Best Assistant and the redemption of the interests in Best Assistant held by all existing shareholders of Best Assistant (other than one ordinary share of Best Assistant held by ND (BVI), a wholly-owned subsidiary of the Company), in exchange for ordinary shares of eLMTree or otherwise being procured that such shares of Best Assistant are exchanged for newly-issued ordinary shares of eLMTree in any other manner permitted by applicable law, after which Best Assistant will become an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“Cash Requirement”	with respect to: (i) eLMTree, means that the working capital of eLMTree equals or exceeds US\$25,000,000; and (ii) GEHI, means that the net cash of GEHI equals or exceeds US\$15,000,000;
“Closing”	consummation of the Merger and the other transactions contemplated thereunder in accordance with the terms of the Merger Agreement;
“Closing Date”	the date on which the Merger takes place, being no later than ten (10) business days after satisfaction or waiver of the conditions set forth in the Merger Agreement, or such other date as GEHI and Best Assistant may mutually agree in writing;
“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 (Stock Code: 00777);
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules;
“CPs”	has the meaning ascribed to it under the section headed “ <i>Conditions Precedent</i> ” in this announcement;
“Director(s)”	the director(s) of the Company;
“Distribution in Specie”	has the meaning ascribed to it under the section headed “ <i>Assured Entitlement and Distribution in Specie</i> ” in this announcement;



“Dissenting eLMTree Shares”	eLMTree ordinary shares issued and outstanding immediately prior to the Effective Time held by holders who have validly exercised, or have not otherwise lost, their dissenters’ rights for such eLMTree ordinary shares in accordance with the Merger Agreement and the Companies Act of the Cayman Islands;
“Divestiture Purchaser”	Rainbow Companion, Inc., an exempted company incorporated in the Cayman Islands with limited liability;
“DJM”	DJM Holding Ltd., a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company holding 35.33% of the Shares as at the date of this announcement;
“Edmodo”	Edmodo, LLC., a limited liability company incorporated under the laws of the State of Delaware of the United States and a wholly-owned subsidiary of Promethean, which is principally engaged in developing and operating an online education platform under the brands Edmodo and Edmodo World as part of the Spin-off Business;
“EGM”	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, approving the Merger, the Proposed Spin-off and the Distribution in Specie;
“Effective Time”	the time at which the plan of merger is duly filed with and registered by the Registrar of Companies of the Cayman Islands or such other date agreed by the parties pursuant to the Merger Agreement, which is expected to occur on the Closing Date;
“Eternity Thailand”	Eternity (Thailand) Co., Ltd., company incorporated in Thailand and a wholly-owned subsidiary of Best Assistant, which is principally engaged in the sale of Promethean’s interactive displays and Edmodo’s platform in the Kingdom of Thailand as part of the Spin-off Business;
“eLMTree”	an exempted company to be incorporated in the Cayman Islands as soon as reasonably practicable after the date of the Merger Agreement, as a direct wholly-owned subsidiary of Best Assistant and an indirect non wholly-owned subsidiary of the Company;
“eLMTree Parties”	has the meaning ascribed to it under the section headed “ <i>Merger and Proposed Spin-off</i> ” in this announcement;

“eLMTree Restructuring”	formation of eLMTree as its wholly-owned subsidiary and transfer of the Spin-off Business by Best Assistant to eLMTree prior to Closing pursuant to the terms and conditions of the Merger Agreement;
“Excluded eLMTree Shares”	all eLMTree ordinary shares that are owned by GEHI, eLMTree, Merger Sub or any wholly owned subsidiary of eLMTree immediately prior to the Effective Time;
“Existing ACP Bonds”	the secured convertible and exchangeable redeemable bonds due on the fifth (5th) anniversary from the bond issue date in the principal amount of US\$150 million (equivalent to approximately HK\$1,177.5 million) issued by Best Assistant to the ACP Investor on 9 March 2020 pursuant to the Bond and Warrant Purchase Agreement dated 10 November 2019 (as amended from time to time) entered into by the Company, Best Assistant, the ACP Investor and the other parties named therein and the terms and conditions governing such bonds;
“Existing GEHI ESOPs”	has the meaning ascribed to it under the section headed “ <i>Termination of the Existing GEHI ESOPs and Adoption of the New ESOP</i> ” in this announcement;
“GEHI”	Gravitas Education Holdings, Inc., an exempted company incorporated in the Cayman Islands with limited liability listed on the NYSE (NYSE: GEHI);
“GEHI Board”	has the meaning ascribed to it under the section headed “ <i>GEHI Board Composition</i> ” in this announcement;
“GEHI Class A Shares”	Class A ordinary shares of GEHI at par value of US\$0.001 per share;
“GEHI Class B Shares”	Class B ordinary shares of GEHI at par value of US\$0.001 per share;
“GEHI Class B Share Conversion”	the conversion of GEHI Class B Shares to GEHI Class A shares pursuant to the Merger Agreement;
“GEHI Consideration Shares”	has the meaning ascribed to it under the section headed “ <i>Considerations</i> ” in this announcement;
“GEHI Divestiture”	the divestiture of GEHI’s education businesses in the PRC pursuant to the terms of the GEHI Divestiture Agreement;
“GEHI Divestiture Agreement”	has the meaning ascribed to it under the section headed “ <i>GEHI Divestiture Agreement</i> ” in this announcement;

“GEHI Ordinary Shares”	ordinary shares of GEHI at par value of US\$0.001 per share, with the rights and privileges as set forth in the memorandum and articles of association of GEHI amended and restated on the Closing Date pursuant to the Merger Agreement;
“GEHI Parties”	has the meaning ascribed to it under the section headed “ <i>Merger and Proposed Spin-off</i> ” in this announcement;
“GEHI Share Purchase Agreement”	the share purchase agreement dated 18 April 2023, entered into by and among the Secondary Sellers and ND (BVI);
“GEHI Shareholder Approval”	has the meaning ascribed to it under the section headed “ <i>Merger and Proposed Spin-off</i> ” in this announcement;
“GEHI Voting Agreement Signatories”	Ascendent Rainbow (Cayman) Limited, Joy Year Limited, Trump Creation Limited, Bloom Star Limited and RYB Education Limited;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising the Shareholders in relation to the Merger, the Proposed Spin-off and the Distribution in Specie;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Shareholders in relation to the Merger, the Proposed Spin-off and the Distribution in Specie;
“Insider Lock-up Agreement”	has the meaning ascribed to it under the section headed “ <i>Insider Lock-up Agreement</i> ” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Merger”	on the Closing Date, the merger of Merger Sub with and into eLMTree, with eLMTree surviving as a direct wholly-owned subsidiary of GEHI, pursuant to the terms and conditions set forth in the Merger Agreement;

“Merger Agreement”	the agreement and plan of merger dated 18 April 2023, entered into by and among Best Assistant, GEHI, Merger Sub and the Company. eLMTree will become a party to the Merger Agreement by executing a joinder after its incorporation;
“Merger Sub”	Bright Sunlight Limited, an exempted company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of GEHI;
“ND (BVI)”	NetDragon WebSoft, Inc., a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company;
“New ACP Bonds”	the senior secured convertible promissory note in the principal amount of US\$65 million (equivalent to approximately HK\$510.25 million) to be issued by GEHI to the ACP Investor prior to Closing;
“New ACP Bond Purchase Agreement”	the senior secured convertible note purchase agreement dated 18 April 2023, entered into between Best Assistant, the ACP Investor and GEHI;
“New ESOP”	has the meaning ascribed to it under the section headed “ <i>Termination of the Existing GEHI ESOPs and Adoption of the New ESOP</i> ” in this announcement;
“NYSE”	The New York Stock Exchange;
“Outside Date”	has the meaning ascribed to it under the section headed “ <i>Termination</i> ” in this announcement;
“PN15”	Practice Note 15 of the Listing Rules;
“PN15 Application”	the application to the Stock Exchange with respect to the Proposed Spin-off pursuant to PN15;
“PRC”	the People’s Republic of China, and solely for the purpose of this announcement, excluding Taiwan, Hong Kong, and Macau Special Administrative Region;
“Promethean”	Promethean World Limited, a company incorporated in England and Wales with limited liability and a wholly-owned subsidiary of Best Assistant, which is principally engaged in developing and manufacturing interactive displays for education and interactive boards for schools and local governments in the U.S. and other countries as part of the Spin-off Business;

“Proposed Spin-off”	the proposed disposal of eLMTree and the Spin-off Business by way of the Merger pursuant to the terms of the Merger Agreement;
“Remaining Group”	businesses that the Group will continue to operate upon Closing, including: (i) the gaming business; (ii) the education business in the PRC; and (iii) other non-education businesses including mobile solution, products and marketing business and property project business of the Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“SEC”	the U.S. Securities and Exchange Commission;
“Secondary Sale”	the acquisition of 8,588,960 GEHI Class A Shares by ND (BVI) from the Secondary Sellers pursuant to the GEHI Share Purchase Agreement;
“Secondary Sale Closing”	has the meaning ascribed to it under the section headed “ <i>GEHI Share Purchase Agreement</i> ” in this announcement;
“Secondary Sale Shares”	has the meaning ascribed to it under the section headed “ <i>GEHI Share Purchase Agreement</i> ” in this announcement;
“Secondary Sellers”	Joy Year Limited, Bloom Star Limited, Ascendent Rainbow (Cayman) Limited, Trump Creation Limited and China Growth Capital Limited;
“Share(s)”	the ordinary share(s) of US\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Sky Knight”	Sky Knight Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Best Assistant, which holds 57.0% of the equity interests in Promethean Middle East and Africa Limited, a joint venture established in the Cayman Islands for the purpose of selling products and services of Promethean and Edmodo, among others, in the Arab Republic of Egypt as part of the Spin-off Business;
“Spin-off Business”	the education business of the Company outside of the PRC, comprising the businesses operated by Promethean, Edmodo, Eternity Thailand and Sky Knight;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“United States” or “U.S.”	the United States of America;
“US\$”	US dollars, the lawful currency of the United States; and
“%”	per cent.

*For the purposes of this announcement, the exchange rates of US\$1.00 = HK\$7.85 and RMB1.00 = HK\$1.13 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*

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

Hong Kong, 18 April 2023

*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 and; one non-executive Director, namely Mr. Lin Dongliang; and three independent non-executive Directors, namely Mr. Lee Kwan Hung, Eddie, Mr. Liu Sai Keung, Thomas and Mr. Sing Chung Matthias Li.*