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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**

### **AMENDMENT AND WAIVER OF TERMS**

References are made to the announcements of NetDragon Websoft Holdings Limited (the “**Company**”) dated 18 April 2023, 31 July 2023 and 11 September 2023 and the circular of the Company dated 26 June 2023 (the “**Circular**”), in relation to, among other things, the Merger, the Proposed Spin-off and the Distribution in Specie. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 18 October 2023 (after trading hours), the Company, Best Assistant (an indirect non wholly-owned subsidiary of the Company), Elmtree Inc. (an exempted company incorporated in the Cayman Islands with limited liability wholly-owned by Best Assistant who became a party to the Merger Agreement by executing a joinder on 18 August 2023), GEHI, Merger Sub (a direct wholly-owned subsidiary of GEHI), the Divestiture Purchaser and the Secondary Sellers (being parties to the Merger Agreement, the GEHI Share Purchase Agreement or the GEHI Divestiture Agreement (as applicable), collectively, the “**Transaction Parties**”) entered into an omnibus amendment and waiver (the “**Amendment Agreement**”), pursuant to which the Transaction Parties have agreed, among other things, to extend the Outside Date, to change the composition of the GEHI Board immediately after the Effective Time, to reduce the number of Secondary Sale Shares and to waive certain condition precedent to the Secondary Sale Closing, and on certain additional logistical matters related to Closing.

#### **EXTENSION OF OUTSIDE DATE**

Pursuant to the Merger Agreement and the GEHI Share Purchase Agreement, each of Closing and the Secondary Sale Closing is conditional upon the satisfaction or waiver of conditions precedent on or before the Outside Date, being 18 October 2023. As additional time is required for the satisfaction of certain conditions precedent under the Merger Agreement and the GEHI Share Purchase Agreement, the Transaction Parties have agreed to extend the Outside Date to 18 January 2024.

As at the date of this announcement, the Company anticipates that Closing and the Secondary Sale Closing will take place by the end of 2023.

### **CHANGE IN COMPOSITION OF GEHI BOARD**

Pursuant to the Merger Agreement, immediately after the Effective Time, 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.

Pursuant to the Amendment Agreement, the Transaction Parties have agreed that, immediately after the Effective Time, the GEHI Board shall consist of at least five (5) directors, of which: (i) at least 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) at least two (2) directors will be independent directors to be designated in writing by Best Assistant.

### **REDUCTION IN NUMBER OF SECONDARY SALE SHARES**

Pursuant to the GEHI Share Purchase Agreement, ND (BVI) has agreed to purchase from the Secondary Sellers the Secondary Sale Shares (being 8,588,960 GEHI Class A Shares, representing approximately 30% of the issued share capital of GEHI as at the Latest Practicable Date) at an aggregate consideration of US\$15 million.

The Company has been informed by GEHI that the total number of GEHI's issued shares immediately prior to Closing will be lower than originally envisaged by the parties as at signing of the GEHI Share Purchase Agreement. To reflect the commercial intention that ND (BVI) will acquire 30% of the issued share capital of GEHI as at Closing through the Secondary Sale, pursuant to the Amendment Agreement, ND (BVI) and the Secondary Purchasers have agreed that the number of Secondary Sales Shares shall be reduced from 8,588,960 GEHI Class A Shares to 8,528,444 GEHI Class A Shares, while the aggregate consideration for the Secondary Sale shall remain as US\$15 million. Accordingly, the purchase price per Secondary Sale Share will be slightly increased from US\$1.7464 to US\$1.7588, representing an increment of approximately 0.71%.

### **WAIVER OF CONDITION PRECEDENT TO SECONDARY SALE CLOSING**

Pursuant to the Amendment Agreement, each party to the GEHI Share Purchase Agreement has waived one of the conditions precedent to the Secondary Sale Closing, namely that Closing shall have occurred substantially simultaneously with the Secondary Sale Closing.

## OTHER LOGISTICAL MATTERS ON CLOSING

Pursuant to the Amendment Agreement, the Transaction Parties have agreed that:

- (a) the completion of the GEHI Divestiture shall occur substantially simultaneous with the Secondary Sale Closing and prior to the filing of the plan of merger. The Effective Time shall be no later than one (1) business day after the consummation of the Secondary Sale Closing and the completion of the GEHI Divestiture; and
- (b) to the extent Closing and the Effective Time do not occur within three (3) business days after the Secondary Sale Closing, the applicable Transaction Parties shall unwind the Secondary Sale Closing.

Save as disclosed above, all other principal terms and conditions of the Merger Agreement and the GEHI Share Purchase Agreement, each as summarised in the Circular, remain unchanged and in full force and effect. As the arrangements under the Amendment Agreement do not constitute material change to the terms of the Merger (including the Secondary Sale) or the Proposed Spin-off, the Company is not required to re-comply with the relevant requirements of a major transaction and a major disposal pursuant to Chapter 14 of the Listing Rules which are applicable to the Merger (including the Secondary Sale) and the Proposed Spin-off.

The Company will make further announcement(s) on the Merger (including the Secondary Sale), the Proposed Spin-off and the Distribution in Specie as and when appropriate in accordance with the Listing Rules.

**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 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.**

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

Hong Kong, 18 October 2023

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Liu Dejian, Dr. Leung Lim Kin, Simon, Mr. Liu Luyuan and Mr. Chen Hongzhan; one non-executive Director, namely Mr. Lin Dongliang; and three independent non-executive Directors, namely Mr. Li Sing Chung Matthias, Mr. Lee Kwan Hung, Eddie and Mr. Liu Sai Keung, Thomas.*