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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 AND FULFILMENT OF CONDITION PRECEDENT**

References are made to the announcements of NetDragon Websoft Holdings Limited (the “**Company**”) dated 18 April 2023, 31 July 2023, 11 September 2023 and 18 October 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 7 December 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), ND (BVI) (a direct wholly-owned subsidiary of the Company), GEHI, Merger Sub (a direct wholly-owned subsidiary of GEHI), the Divestiture Purchaser, the Secondary Sellers, the ACP Investor and the other parties to the Deed of Amendment, Conditional Waiver and Redemption (being parties to the Merger Agreement, the GEHI Share Purchase Agreement, the GEHI Divestiture Agreement, the New ACP Bond Purchase Agreement or the Deed of Amendment, Conditional Waiver and Redemption (as applicable), collectively, the “**Transaction Parties**”) entered into a second omnibus amendment and waiver (the “**Second Amendment Agreement**”), pursuant to which the Transaction Parties have agreed, among other things, to change the acceptable listing venue of GEHI, to amend certain condition precedent to Closing and to amend and waive certain conditions precedent to the Secondary Sale Closing.

## **CHANGE OF ACCEPTABLE LISTING VENUE OF GEHI**

The Transaction Parties had originally intended for GEHI to be listed on the NYSE. Pursuant to the Merger Agreement, the respective obligations of each party to the Merger Agreement to effect the transactions contemplated thereunder shall be subject to the satisfaction of certain conditions as at the Closing Date, including, among other things, the NYSE having 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.

After commercial discussions, the Transaction Parties have agreed to broaden the list of acceptable securities exchanges on which GEHI may be listed to also include NYSE American and any tier of the Nasdaq Stock Market (collectively with the NYSE, the “**Qualified Stock Exchanges**”, and each a “**Qualified Stock Exchange**”). Pursuant to the Second Amendment Agreement, the condition to Closing set out in the preceding paragraph has been amended as follows: one or more Qualified Stock Exchange having approved the listing application submitted by GEHI in connection with the GEHI Consideration Shares being approved for listing on the relevant Qualified Stock Exchange.

As at the date of this announcement, GEHI has received approval for listing from NYSE American regarding its listing application in connection with the GEHI Consideration Shares. It is contemplated that GEHI will transfer its listing venue from NYSE to NYSE American upon Closing. GEHI expects to begin trading on NYSE American on or about 13 December 2023 under the new name “Mynd.ai, Inc.” and the new ticker symbol of “MYND”.

It is common for a publicly listed company to transfer its listing venue in the United States, including from one national securities exchange to another. NYSE American, similar to the NYSE, is a national securities exchange registered with the SEC under Section 6 of the Securities Exchange Act of 1934. It is generally permissible for a publicly listed company in the United States to transfer its listing venue to another national securities exchange upon satisfaction of such national securities exchange’s listing standards. Based on the above, the transfer of listing venue does not constitute material change to the terms of the Merger (including the Secondary Sale) or the Proposed Spin-off. Accordingly, the ordinary resolution duly passed at the EGM held on 14 July 2023 remains valid, and 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.

## **CARVE-OUT FROM CONDITIONS PRECEDENT TO CLOSING AND SECONDARY SALE CLOSING**

Pursuant to the Merger Agreement, the respective obligations of each party to the Merger Agreement to effect the transactions contemplated thereunder shall be subject to the satisfaction of certain conditions as at the Closing Date, including, among other things, no general suspension or material limitation of trading in the ADSs of GEHI having 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). Pursuant to the Second Amendment Agreement, the Transaction Parties have agreed to carve out the suspension as disclosed in the letter dated 8 May 2023 from the NYSE (the “**Letter**”) notifying GEHI that it is below compliance standards due to GEHI’s total market capitalisation and stockholders’ equity from the aforementioned condition precedent to Closing.

Pursuant to the GEHI Share Purchase Agreement, the obligations of ND (BVI) to consummate the Secondary Sale are subject to the satisfaction or waiver of certain conditions including, among other things, trading in the ADS of GEHI having not been, or been threatened to be, suspended by the SEC or the NYSE. Pursuant to the Second Amendment Agreement, the Transaction Parties have agreed to carve out the threatened suspension as disclosed on the Form 6-K filed with the SEC on 20 April 2022 and the Letter, or in connection with the Holding Foreign Companies Accountable Act from the aforementioned condition precedent to the Secondary Sale Closing, so as to align with the corresponding condition precedent to Closing as set out in the Merger Agreement.

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

Pursuant to the Second Amendment Agreement, ND (BVI) has waived one of the conditions precedent to the Secondary Sale Closing, namely that the GEHI Class B Share Conversion shall have been completed.

Save as disclosed above, all other principal terms and conditions of the Merger Agreement, the GEHI Share Purchase Agreement, the GEHI Divestiture Agreement, the New ACP Bond Purchase Agreement and the Deed of Amendment, Conditional Waiver and Redemption, each as summarised in the Circular, remain unchanged and in full force and effect. As the arrangements under the Second Amendment Agreement (including the proposed transfer of listing venue by GEHI) 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.

## **FULFILMENT OF CONDITIONS PRECEDENT TO CLOSING**

As at the date of this announcement, the Committee on Foreign Investment in the United States has completed its review and cleared the transactions contemplated under the Merger Agreement. Accordingly, all conditions precedent to Closing under the Merger Agreement, all conditions precedent to the Secondary Sale Closing under the GEHI Share Purchase Agreement and all conditions precedent to completion of the GEHI Divestiture under the GEHI Divestiture Agreement have been satisfied, save for those conditions precedent that by their nature are to be satisfied at Closing, the Secondary Sale Closing or completion of the GEHI Divestiture, respectively. It is expected that the Secondary Sale Closing and completion of the GEHI Divestiture will take place simultaneously on or about 12 December 2023 and the effective time of the Merger will be on or about 13 December 2023.

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.

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

Hong Kong, 7 December 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.*