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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

COMPLETION OF THE MERGER AND THE PROPOSED SPIN-OFF AND CONNECTED TRANSACTION GRANT OF SHARE AWARDS BY BEST ASSISTANT

References are made to the announcements of NetDragon Websoft Holdings Limited (the “**Company**”) dated 18 April 2023, 31 July 2023, 11 September 2023, 18 October 2023, 7 December 2023 and 12 December 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.

COMPLETION OF THE MERGER AND THE PROPOSED SPIN-OFF

The Board is pleased to announce that Closing has taken place and the Merger has become effective on 13 December 2023 in accordance with the terms of the Merger Agreement.

Immediately after the effectiveness of the Merger, (i) Mynd.ai, Inc. (“**Mynd**”, formerly known as Gravitas Education Holdings, Inc.) owns 100% of the equity interests in Elmtree Inc. (“**eLMTree**”), which wholly-owns the Spin-off Business; (ii) ND (BVI), a direct wholly-owned subsidiary of the Company, holds approximately 74.4% of the equity interests in Mynd (before the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are not converted and share awards under the New ESOP are not granted), or approximately 58.6% of the equity interests in Mynd (after the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are fully converted and all share awards under the New ESOP are granted); and (iii) the financial results of Mynd and its subsidiaries (including eLMTree) will be consolidated into the consolidated financial statements of the Company.

The Company will make further announcement(s) on the Distribution in Specie as and when appropriate in accordance with the Listing Rules.

GRANT OF SHARE AWARDS BY BEST ASSISTANT

In accordance with the terms of the Merger Agreement, immediately prior to Closing on 13 December 2023, Best Assistant granted a total of 164,546,057 awards of ordinary shares of Best Assistant (the “**Awarded Shares**”) to certain grantees (the “**Grantees**”) pursuant to the employee share award scheme adopted on 7 August 2012 and subsequently amended on 5 August 2022 (the “**Best Assistant Share Award Scheme**”), among which, (i) 123,409,543 Awarded Shares were granted to Dr. Leung Lim Kin, Simon (“**Dr. Leung**”), an executive Director and the vice chairman of the Company, and (ii) 41,136,514 Awarded Shares were granted to other Grantees who are third parties independent of the Company and its connected persons. In accordance with the terms of the Best Assistant Share Award Scheme, the Awarded Shares were vested in the Grantees at no cost immediately upon the grant thereof and were satisfied by issuance of new ordinary shares by Best Assistant.

The grant of the Awarded Shares was part of the Best Assistant Redemption as contemplated under the Merger Agreement. Immediately upon completion of the Best Assistant Redemption, the Grantees became shareholders of eLMTree; and immediately upon Closing, the Grantees were issued GEHI Consideration Shares in exchange for their shareholdings in eLMTree. As at the date of this announcement, the Grantees held an aggregate of 23,588,209 GEHI Ordinary Shares, representing approximately 5.19% of the equity interests in Mynd (before the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are not converted and share awards under the New ESOP are not granted), or approximately 4.36% of the equity interests in Mynd (after the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are fully converted and all share awards under the New ESOP are granted). As a result of the grant of the Awarded Shares, Dr. Leung is interested in 17,691,157 GEHI Ordinary Shares, representing approximately 3.89% of the equity interests in Mynd (before the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are not converted and share awards under the New ESOP are not granted), or approximately 3.27% of the equity interests in Mynd (after the Distribution in Specie, and assuming the New ACP Bonds and the remaining US\$25 million Existing ACP Bonds are fully converted and all share awards under the New ESOP are granted). Immediately upon completion of the Best Assistant Redemption, each of the Grantees entered into a general lock-up agreement with Mynd, pursuant to which each of the Grantees will be subject to a 12-month lock-up with respect of his/her GEHI Consideration Shares commencing from the Closing Date.

For information on the Best Assistant Redemption and the Merger Agreement, including, among other things, the financial information of Mynd, the principal business activities of the Company and Best Assistant as well as the reasons for and benefits of the Merger and the Proposed Spin-off, please refer to the Circular.

LISTING RULES IMPLICATIONS

As Best Assistant is not a principal subsidiary (as defined under the Listing Rules) of the Company, the Best Assistant Share Award Scheme does not constitute a share scheme nor an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules.

As Dr. Leung is a connected person of the Company, the grant of the Awarded Shares to him constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the percentage ratios applicable to the grant of the Awarded Shares to Dr. Leung is more than 0.1% but is less than 5%, the grant of the Awarded Shares to Dr. Leung is subject to reporting and announcement requirements but is exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that although the grant of the Awarded Shares to Dr. Leung is not in the ordinary and usual course of business of the Group, such grant is fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole. Dr. Leung has material interests in the grant of the Awarded Shares and has abstained from voting in respect of the relevant board resolutions approving the grant of the Awarded Shares.

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

Hong Kong, 13 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.