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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

STATUS UPDATE ANNOUNCEMENT

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 and 7 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.

The Board would like to update the Shareholders and potential investors in the Company that the Secondary Sale Closing and completion of the GEHI Divestiture took place on 12 December 2023. As a result of the Secondary Sale Closing, the Company, through ND (BVI), is interested in 30% of the outstanding share capital of GEHI.

As at the date of this announcement, the Company anticipates that the effective time of the Merger will be on or about 13 December 2023. Immediately after the effectiveness of the Merger, (i) GEHI will own 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, will hold approximately 74.4% of the equity interests in GEHI (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 GEHI (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 GEHI 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 Merger, 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, 12 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.