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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**

**DECLARATION OF A DISTRIBUTION  
IN CONNECTION WITH THE MERGER AND THE PROPOSED SPIN-OFF**

The Company is pleased to announce that Closing took place on 13 December 2023.

On 13 December 2023, in giving due regard to the interests of the Shareholders as required under PN15, the Board passed a resolution to declare a special dividend to the Shareholders by way of a distribution in specie of 676,681 ADSs represented by MYND Ordinary Shares held by the Company (indirectly through ND (BVI)) (or cash alternative), in proportion to their respective shareholdings in the Company, on the following basis:

- (a) a Qualifying Shareholder holding a whole multiple of a Qualifying Lot will be entitled to one Distribution ADS for every whole multiple of a Qualifying Lot held. Such Qualifying Shareholder may elect to receive the Distribution ADSs to which he/she/it is entitled, or, in lieu of such Distribution ADSs, a cash payment of approximately HK\$137.38 for every whole multiple of a Qualifying Lot, which is equivalent to US\$17.59 at the exchange rate of US\$1.00 to HK\$7.81;

- (b) a Qualifying Shareholder who holds Shares in excess of a whole multiple of a Qualifying Lot will be treated in accordance with paragraph (a) above, except that such Shareholder will only receive a cash payment of approximately HK\$0.13738 per Share for such number of Shares held by him/her/it that is over and above a whole multiple of a Qualifying Lot;
- (c) a Qualifying Shareholder holding less than a Qualifying Lot will only be entitled to a cash payment of approximately HK\$0.13738 per Share based on the number of Shares held by him/her/it. Such Shareholder will not be able to choose to receive Distribution ADSs;
- (d) the ADS Non-Qualifying Shareholders will not be entitled to elect to receive Distribution ADSs, but will instead receive a cash payment of approximately HK\$0.13738 per Share based on the number of the respective Shares held by them;
- (e) all ownership interests of Shareholders will be determined at the close of business on the Record Date;
- (f) all cash payments will be rounded up to the nearest Hong Kong cents; and
- (g) the cash payment of approximately HK\$0.13738 per Share is calculated as follows:

$$\frac{\text{US\$17.59 per Distribution ADS}}{1,000 \text{ Shares (the Qualifying Lot)}} \times 7.81 \text{ (the exchange rate of US\$ to HK\$)}$$

## BACKGROUND INFORMATION

References are made to the announcements of the Company dated 18 April 2023, 31 July 2023, 11 September 2023, 18 October 2023, 7 December 2023, 12 December 2023, 13 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.

## ASSURED ENTITLEMENT

The Company is pleased to announce that Closing took place on 13 December 2023.

On 13 December 2023, in giving due regard to the interests of the Shareholders as required under PN15, the Board passed a resolution to declare a special dividend to the Shareholders by way of a distribution in specie of 676,681 ADSs represented by MYND Ordinary Shares held by the Company (indirectly through ND (BVI)) (or cash alternative), in proportion to their respective shareholdings in the Company, on the following basis:

- (a) a Qualifying Shareholder holding a whole multiple of a Qualifying Lot will be entitled to one Distribution ADS for every whole multiple of a Qualifying Lot held. Such Qualifying Shareholder may elect to receive the Distribution ADSs to which he/she/it is entitled, or, in lieu of such Distribution ADSs, a cash payment of approximately HK\$137.38 for every whole multiple of a Qualifying Lot, which is equivalent to US\$17.59 at the exchange rate of US\$1.00 to HK\$7.81;

- (b) a Qualifying Shareholder who holds Shares in excess of a whole multiple of a Qualifying Lot will be treated in accordance with paragraph (a) above, except that such Shareholder will only receive a cash payment of approximately HK\$0.13738 per Share for such number of Shares held by him/her/it that is over and above a whole multiple of a Qualifying Lot;
- (c) a Qualifying Shareholder holding less than a Qualifying Lot will only be entitled to a cash payment of approximately HK\$0.13738 per Share based on the number of Shares held by him/her/it. Such Shareholder will not be able to choose to receive Distribution ADSs;
- (d) the ADS Non-Qualifying Shareholders will not be entitled to elect to receive Distribution ADSs, but will instead receive a cash payment of approximately HK\$0.13738 per Share based on the number of the respective Shares held by them;
- (e) all ownership interests of Shareholders will be determined at the close of business on the Record Date;
- (f) all cash payments will be rounded up to the nearest Hong Kong cents; and
- (g) the cash payment of approximately HK\$0.13738 per Share is calculated as follows:

$$\frac{\text{US\$17.59 per Distribution ADS}}{1,000 \text{ Shares (the Qualifying Lot)}} \times 7.81 \text{ (the exchange rate of US\$ to HK\$)}$$

### **Restrictions on Sales of Distribution ADSs after Delivery**

Once the Distribution ADSs are distributed to the Qualifying Shareholders of the Company after the Distribution Compliance Period commencing on 13 December 2023 and ending on 22 January 2024 (Hong Kong time) (both dates inclusive), such ADSs will not be subject to any sale restriction period.

### **Qualifying Shareholders**

Qualifying Shareholders are the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Shareholders who are, or who are acting for the account or benefit of, ADS Non-Qualifying Shareholder.

### **ADS Non-Qualifying Shareholders**

ADS Non-Qualifying Shareholders are:

- (a) Shareholders (including Beneficial Owners) on the Record Date who are resident or located in places outside Hong Kong in respect of which the Board considers the exclusion from receiving the Distribution ADSs to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place;
- (b) without limitation to the generality of the foregoing, Shareholders (including Beneficial Owners) who are located in the U.S. or who are U.S. Persons;

- (c) Shareholders (including Beneficial Owners) who are otherwise unable to make the certifications required in the Form of Election in order to be entitled to receive the Distribution ADSs;
- (d) any MYND Affiliates (including ND (BVI)); or
- (e) eLMTree Holder (other than ND (BVI)).

### **Overseas Shareholders and Stock Connect Investors**

Under Rule 13.36(2) of the Listing Rules, where a listed issuer proposes to distribute securities to its shareholders, it may exclude relevant overseas shareholders in circumstances where the directors consider the exclusion to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place where such shareholder is located or the requirements of the regulatory body or stock exchange in such place.

After making the relevant enquiries, since registration or filing or other procedures or formalities, subject to certain exceptions, would be required to be carried out in relation to the distribution of the Distribution ADSs to comply with the relevant securities legislation or regulation in the U.S., the Board has formed the view that it would be expedient to exclude from the distribution of the Distribution ADSs the Shareholders with registered address in such jurisdiction.

Notwithstanding the above, the Board reserves the right to exclude any other registered Shareholder whose address as shown on the register of members of the Company on the Record Date is located in any other overseas jurisdiction from the Distribution in Specie, if the Board believes that such distribution may be administratively prohibitive or inexpedient or violate any applicable legal and/or regulatory requirements in the relevant jurisdiction. If and when necessary, the Company will separately notify any such Shareholder of the arrangement regarding the Distribution in Specie.

As at the date of this announcement, pursuant to Article 24 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》), if the Stock Connect Investors receive any securities not listed on the Stock Exchange, they will not be allowed to buy or sell such securities through the Stock Connect. Considering the practical difficulty of the Stock Connect Investors in realising the benefit of the Distribution ADSs and as there are no facilities for the Stock Connect Investors to open or arrange the opening on their behalf of DTC accounts (as required to receive Distribution ADSs), Stock Connect Investors will not be able to elect to receive Distribution ADSs and so will only receive the cash distribution calculated in accordance with the manner described in the section headed “Assured Entitlement” in this announcement above. This arrangement is in accordance with Question No. 4 of the Frequently Asked Questions Series 29 released by the Stock Exchange on 17 November 2014 and last updated on 13 July 2018.

A Shareholder with an address outside Hong Kong should consult his/her/its own professional advisers as to whether or not he/she/it is permitted to receive the Distribution ADSs pursuant to the Distribution in Specie or if any governmental or other consent is required or other formalities are required to be observed and whether there are any other restrictions in relation to the future sale of any Distribution ADSs or ADSs. An overseas Qualifying Shareholder residing in a jurisdiction where it would be illegal for him/her/it to elect for or to receive the Distribution ADSs under the Distribution in Specie will be deemed to have received the Form of Election for information purpose only.

## **Distribution in Specie Circular and Form of Election**

A Qualifying Shareholder holding a Qualifying Lot on the Record Date will be sent a Distribution in Specie Circular and a Form of Election. The Form of Election will set out the number of the Distribution ADSs to which the relevant Qualifying Shareholder is entitled. No Form of Election will be sent to any Shareholder who, to the knowledge of the Company, is located in the U.S. or who are U.S. Persons.

Any Non-Qualifying Shareholder who receives a Form of Election will be deemed to have received the Form of Election for information purposes only.

### **Qualifying Shareholders holding a Qualifying Lot or more who wish to receive a cash payment only**

If Qualifying Shareholders holding a Qualifying Lot or more on the Record Date wish to receive a cash payment in lieu of all the Distribution ADSs to which they would otherwise be entitled, they do not need to take any action.

### **Qualifying Shareholders holding less than a Qualifying Lot**

The Form of Election will only be sent to, and only needs to be completed by, Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) holding at least a Qualifying Lot. A Qualifying Shareholder holding less than a Qualifying Lot will not be able to elect to receive Distribution ADSs and is only entitled to receive a cash payment. Accordingly, Qualifying Shareholders holding less than a Qualifying Lot will not receive the Form of Election and do not need to take any action.

### **Qualifying Shareholders holding at least a Qualifying Lot who wish to receive the Distribution ADSs**

A Qualifying Shareholder who wishes to receive the Distribution ADSs, in addition to certain other certifications and agreements in Section 1 of the Form of Election, must certify in the Form of Election that, among others, he/she/it is not located in the U.S. nor is he/she/it a U.S. Person and he/she/it may lawfully be offered, take up, obtain and receive the Distribution ADSs in the jurisdiction which he/she/it resides or he/she/it is currently located or he/she/it is a citizen of. For a Qualifying Shareholder who is holding Shares as a nominee, trustee, depository or any other authorised custodian, such Qualifying Shareholder must also certify that he/she/it is not receiving the Distribution ADSs for the account or benefit of, any Beneficial Owner located in the U.S. or who is a U.S. Person, nor any person who is resident or located in, or a citizen of any territory where it would be unlawful to elect for the Distribution ADSs and/or receive the Distribution ADSs.

Any Qualifying Shareholder who does not provide the requisite certification in the form specified in the paragraph above will not be entitled to receive his/her/its entitlement under the Distribution in Specie in the form of Distribution ADSs but will instead receive a cash payment in lieu of all the Distribution ADSs he/she/it is entitled as if he/she/it has elected to receive a cash payment. HKSCC Nominees Limited shall be treated as a Qualifying Shareholder (and not an ADS Non-Qualifying Shareholder), provided that Distribution ADSs may only be elected on behalf of Beneficial Owners who are not ADS Non-Qualifying Shareholders.

The Distribution ADSs are to be held electronically in book entry form through the facilities of DTC directly in the name of the Qualifying Shareholder (only if the Qualifying Shareholder is a participant in DTC) or indirectly through the Qualifying Shareholder's account at a broker or dealer or other financial institution which is a direct or indirect participant in DTC.

A Qualifying Shareholder holding at least a Qualifying Lot is only able to receive Distribution ADSs if he/she/it specifies in Section 2b of the Form of Election information as to the details of (1) his/her/its DTC participant account or (2) his/her/its broker or dealer or other financial institution who is a direct or indirect DTC participant, including details of that broker's or dealer's or other financial institution's DTC participant name, account to which the Distribution ADSs can be credited, contact person's name and contact telephone number. Furthermore, a Qualifying Shareholder is only able to receive Distribution ADSs if the broker or dealer or other financial institution specified by the relevant Qualifying Shareholder accepts such Distribution ADSs for crediting. Information required in the Form of Election in respect of a Qualifying Shareholder's DTC participant account or the account of his/her/its broker or dealer or other financial institution which is a direct or indirect DTC participant must be completed and be valid, failing which such Qualifying Shareholder will be deemed to have elected to receive a cash payment in lieu of the Distribution ADSs to which he/she/it is entitled. **Qualifying Shareholders who have elected to receive Distribution ADSs must instruct and coordinate with their respective brokers or dealers or other financial institutions on their elections and the settlement of their respective Distribution ADSs.**

Any Form of Election will be treated as invalid if:

- it is incomplete; or
- it contains illegible writing; or
- the Shareholder is unable to provide the correct details of his/her/its DTC participant account or (as the case may be) his/her/its broker or dealer or other financial institution (including details of the DTC participant account to which the Distribution ADSs are to be credited and other information required by the Form of Election); or
- the broker or dealer or other financial institution is not a direct or indirect DTC participant or refuses to accept the Distribution ADSs, such that the Distribution ADSs could not be credited to the account specified in Section 2b of the Form of Election.

The latest time for submission of the Forms of Election will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning is in force in Hong Kong:

- (a) at any local time before 12:00 noon and no longer in force after 12:00 noon on 23 January 2024, the deadline for the submission of the Form of Election will be 4:30 p.m. on the same day; or
- (b) at any local time between 12:00 noon and 4:30 p.m. on 23 January 2024, the deadline for the submission of the Form of Election will be rescheduled to 4:30 p.m. on the next Hong Kong business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.



## Despatch of cheques

Cheques for all cash payments are expected to be despatched by ordinary post to the address specified in the register of members, at the risk of the relevant Shareholder, on Thursday, 15 February 2024.

## Distribution ADSs

The Distribution ADSs are listed on NYSE American. The ticker symbol of MYND on NYSE American is “MYND”.

## EXPECTED TIMETABLE FOR THE DISTRIBUTION

The expected timetable for the Distribution is as follows:

Closing Date . . . . . Wednesday, 13 December 2023

Latest day for dealing in the Shares of  
the Company on a cum-entitlement basis . . . . . Wednesday, 27 December 2023

First day for dealing in the Shares of  
the Company on an ex-entitlement basis . . . . . Thursday, 28 December 2023

Latest time for lodging transfers of Shares of  
the Company cum-entitlement to the  
Distribution in Specie . . . . . 4:30 pm on Friday, 29 December 2023

Record Date . . . . . Friday, 29 December 2023

Despatch of the Form of Election to the  
Shareholders re share entitlement  
or cash payment . . . . . Friday, 5 January 2024

Latest time for lodging the Form of Election . . . . . 4:30 pm on Tuesday, 23 January 2024

Distribution of Distribution ADSs or despatch  
of cheque for cash payment <sup>(1)</sup> . . . . . Thursday, 15 February 2024

*Note:*

- 1. Pursuant to U.S. securities law, the assured entitlement of the Distribution ADSs will be distributed to the Shareholders of the Company after the expiration of the Distribution Compliance Period.*

Please note that the timetable is subject to change. If there are changes to the above timetable, the Company will publish an announcement to inform the Shareholders.

## **FIXING OF RECORD DATE**

Based on the expected timetable of the Distribution in Specie, the Record Date for determining the entitlement to the Distribution in Specie is Friday, 29 December 2023.

In order to qualify for the Distribution in Specie, all transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar not later than 4:30 pm on Friday, 29 December 2023.

## **GENERAL**

**Qualifying Shareholders and Beneficial Owners holding a Qualifying Lot or more are reminded that whether or not it is to their advantage to elect to receive the Distribution in Specie in a cash payment in lieu of the Distribution ADSs depends on their own individual circumstances and preferences; and the decision in this regard and all effects resulting therefrom are the responsibility of each individual Qualifying Shareholder and Beneficial Owner. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. Qualifying Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive a cash payment or Distribution ADSs is within their powers and as to its effect having regard to the terms of the relevant trust instrument.**

**This announcement is not, and does not form part of, an offer to sell or solicitation of an offer to purchase or subscribe for any securities of the Company in Hong Kong, the US or any other jurisdiction, and neither this announcement, nor any part of it, shall form the basis of, or be relied on in connection with, any investment decision relating to securities of the Company. The ADSs referred to in this announcement have not been and will not be registered under the Securities Act, and may not be offered or sold unless registered or an exemption from registration is available.**

**If you are in any doubt as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.**

## **DEFINITION**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>Term</b>	<b>Definition</b>
“ADS Non-Qualifying Shareholders”	as defined in the section headed “ <i>ADS Non-Qualifying Shareholders</i> ”
“ADS(s)”	American depositary shares issued pursuant to a deposit agreement dated as of 26 September 2017 by and among MYND, the Depositary and the holders and beneficial owners of ADSs issued thereunder (as amended from time to time), each representing ten ordinary shares in MYND, which are listed on NYSE American



“Beneficial Owner(s)”	any beneficial owner(s) of Shares whose Shares are registered on the register of members of the Company in the name of a nominee, trustee, depository or any other authorised custodian or third party (including but not limited to HKSCC Nominees Limited in respect of Shares deposited in CCASS)
“Circular”	as defined in the section headed “ <i>Background Information</i> ”
“Closing Date”	the date on which the Merger became effective, being 13 December 2023
“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)
“control(s)”	the power to direct the management and policies of the person in question, whether through the ownership of voting securities, by contract, or otherwise and “controlled” shall be construed accordingly
“Depository”	Citibank, N.A., in its capacity as depository bank for the ADSs
“Distribution ADS(s)”	the ADS(s) to be distributed to Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) pursuant to the Distribution in Specie
“Distribution Compliance Period”	a period of 40 days commencing on the Closing Date
“Distribution in Specie Circular”	the circular despatched to the Shareholders in respect of the Distribution in Specie, which is accompanied by a Form of Election (if applicable)
“DTC”	the Depository Trust Company, the clearing system for the ADSs in the U.S.
“eLMTree”	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
“eLMTree Holder”	the shareholder of eLMTree immediately prior to the Closing
“Form(s) of Election”	the form(s) of election to be completed by Qualifying Shareholders (other than ADS Non-Qualifying Shareholders) who hold at least a Qualifying Lot pursuant to which such Qualifying Shareholders may elect to receive the Distribution ADSs or cash payment in lieu of all the Distribution ADSs to which they are entitled

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MYND”	Mynd.ai, Inc., an exempted company incorporated in the Cayman Islands with limited liability listed on NYSE American (NYSE American: MYND), previously known as Gravitass Education Holdings, Inc.
“MYND Affiliate(s)”	(i) any person(s) that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, MYND; or (ii) an executive officer, a director, or a large shareholder that is in a relationship of control with MYND
“MYND Ordinary Shares”	ordinary shares of MYND at par value of US\$0.001 per share, with the rights and privileges as set forth in the amended and restated memorandum and articles of association of MYND effective on 13 December 2023
“PN15”	Practice Note 15 of the Listing Rules
“Qualifying Lot”	1,000 Shares
“Qualifying Shareholder(s)”	Registered Shareholder(s) on the Record Date, other than the Shareholders who are, or who are acting for the account or benefit of, ADS Non-Qualifying Shareholder(s)
“Record Date”	29 December 2023, the date by reference to which entitlements to the Distribution in Specie are determined
“Registered Shareholder(s)”	Shareholder(s) whose name(s) appears on the register of members of the Company from time to time
“Regulation S”	Regulation S under the Securities Act
“Rule 144A”	Rule 144A under the Securities Act
“Securities Act”	the United States Securities Act of 1933, as amended

“Share Registrar”	the Hong Kong branch share registrar and transfer office of the Company, namely Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Stock Connect”	Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Stock Connect Investors”	the PRC southbound trading investors holding the Company’s securities through the Stock Connect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the U.S.
“U.S. Person(s)”	as defined in Rule 902 under the Securities Act

*For illustrative purpose of this announcement, US\$1 = HK\$7.81.*

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.*