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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)

MEMORANDUM IN RELATION TO THE FORMATION OF A JOINT VENTURE AND PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

THE MOU

On 28 September 2026, NetDragon Websoft Inc., a wholly-owned subsidiary of the Company, entered into a legally binding memorandum with Jiuzhou in relation to the formation and operation of the JV Group and the proposed issue of the Warrants.

Subject to the conditions to Completion, NetDragon BVI will contribute Hong Kong dollar cash equivalent to RMB50,000,000 to the JV Company for new shares representing a 51% shareholding interest. Jiuzhou will retain 49% shareholding interest, having transferred and delivered the Target IP and Assets before Completion.

PROPOSED ISSUE OF WARRANTS

At Completion, the Company will issue 25,000,000 unlisted Warrants to Jiuzhou or its designated entity at HK\$0.10 per warrant share as performance incentive. The three tranches comprise 8,000,000, 8,000,000 and 9,000,000 Warrants at initial Exercise Prices of HK\$10, HK\$12 and HK\$15, respectively.

Subject to fulfilment and confirmation of the applicable Exercise Conditions, the Warrants carry rights to subscribe for up to 25,000,000 new Shares at their respective initial Exercise Prices. Each tranche has a separate Exercise Period commencing on the date on which its Exercise Conditions are fulfilled and ending 12 months thereafter, which may be extended by a further 12 months by agreement between the Company and the holder of the Warrants.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the formation of the JV, were below 5%, the formation of the JV does not constitute a notifiable transaction for the Company under the Listing Rules.

The Company will seek Shareholders' approval at the EGM for the issue of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares. A circular containing, among other things, further details of the MOU, the Warrants and the Specific Mandate, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Completion and the issue of the Warrants are subject to satisfaction of the relevant conditions and may or may not proceed. Exercise of the Warrants is separately subject to the applicable Exercise Conditions. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announces that, on 28 September 2026 (after trading hours), NetDragon BVI, a wholly-owned subsidiary of the Company, and Jiuzhou entered into a legally binding MOU in relation to the establishment and operation of the JV Group and the proposed issue of the Warrants. The principal terms are summarised below.

THE MOU

Date and parties

Date: 28 September 2026.

Parties: (i) NetDragon BVI; and
(ii) Jiuzhou.

NetDragon BVI is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. Jiuzhou is a company established in the PRC with limited liability.

The JV Group

Jiuzhou will undertake the restructuring and establish the JV Company as its wholly-owned limited liability company. The JV Company, together with its subsidiaries, will principally engage in development of foundational artificial intelligence software, large-scale AI models and technology platforms; operation of content creation platforms and provision of model APIs, FDE and translation services; and provision of other digital technology services, including software development, data annotation and cleansing, information systems integration, and operation and maintenance services.

Before Completion, Jiuzhou will inject and deliver to the JV Company the Target IP and Assets, comprising all intellectual property relating to the Harness system business.

Following establishment of the JV Group, injection and delivery of the Target IP and Assets and fulfilment of the other conditions to Completion, NetDragon BVI will contribute to the JV Company cash in Hong Kong dollars equivalent to RMB50,000,000 and subscribe for new shares representing 51% of its issued shares immediately following Completion.

Immediately following Completion, the JV Company will be owned as to 51% by NetDragon BVI and 49% by Jiuzhou. The JV Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

Conditions precedent

The following conditions are required to be fulfilled on or before the Long Stop Date:

- (a) the Company having convened the EGM and obtained Shareholders' approval for the issue of the Warrants and the authorisation for the allotment and issue of the Warrant Shares upon exercise of the Warrants;
- (b) the Stock Exchange having approved the listing of, and permission to deal in, the Warrant Shares;
- (c) each of NetDragon BVI and Jiuzhou having obtained all internal consents and approvals required for establishing the JV structure and performing its contribution obligations;
- (d) the Company having obtained all consents and approvals required for issuing the Warrants;
- (e) Jiuzhou or its designated entity having obtained all consents and approvals required for subscribing for the Warrants; and
- (f) Jiuzhou having completed the restructuring and established the JV Company.

If all the conditions precedent are not fulfilled by the Long Stop Date, NetDragon BVI will have no obligation to complete its investment or procure the Company to issue the Warrants.

Completion

Completion will take place on a date agreed in writing by NetDragon BVI and Jiuzhou following fulfilment of all the conditions precedent.

At Completion, NetDragon BVI will pay its cash contribution to the JV Company, and Jiuzhou will procure the JV Company to allot and issue new shares representing a 51% shareholding interest in the JV Company. NetDragon BVI will also procure the Company to issue and register all 25,000,000 Warrants to Jiuzhou or an entity designated by it, at the aggregate Issue Price of HK\$2,500,000.

Management and governance

At Completion, the board of each member of the JV Group will comprise five directors, of whom three will be nominated by NetDragon BVI and two by Jiuzhou. The chairman of each such board will be one of the directors nominated by NetDragon BVI.

Jiuzhou will provide the personnel and technology required by the JV Group, establish and manage an operations team of 20-30 personnel and, subject to the directions of the relevant board, be responsible for daily business operations, day-to-day management and appointments to key positions.

Non-competition and non-solicitation

During the term of the JV arrangements, Jiuzhou and its affiliates will give the JV Group priority in respect of business opportunities, customer resources, projects, products, technology development and cooperation opportunities relating to the JV Business.

During the term of the JV arrangements, Jiuzhou and its affiliates must not directly or indirectly solicit or attempt to solicit any consultants, customers, suppliers, distributors or business partners of the JV Group or NetDragon BVI, except where such solicitation or attempted solicitation does not adversely affect either the JV Group or NetDragon BVI.

Term

The JV term will be between two to three years from the date of establishment of the JV Company, with the precise term to be separately agreed in writing.

PROPOSED ISSUE OF UNLISTED WARRANTS

Subject to the terms and conditions of the JV Agreement, the Company has conditionally agreed to issue 25,000,000 unlisted Warrants to Jiuzhou or an entity designated by it. The Warrant Shares to be allotted and issued upon exercise of the Subscription Rights attaching to the Warrants will be allotted and issued under the Specific Mandate.

Principal Terms of the Warrants

Set out below is a summary of the principal terms of the Warrants:

Issuer: The Company

Subscriber: Jiuzhou or an entity designated by it

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Jiuzhou and its ultimate controller are Independent Third Parties.

Number of Warrants

25,000,000 Warrants, each Warrant carries the rights to subscribe for one (1) Warrant Share.

Warrant Shares

The Issue Price is HK\$0.10 per Warrant, payable at Completion. The aggregate Issue Price for all 25,000,000 Warrants is HK\$2,500,000.

Assuming full exercise of the Subscription Rights attaching to the 25,000,000 Warrants and there being no other changes in the issued share capital of the Company, a total of up to 25,000,000 Warrant Shares will be allotted and issued, representing (i) approximately 4.71% of the existing issued share capital of the Company as at the date of this announcement (including 5,162,284 treasury shares); (ii) approximately 4.75% of the existing issued share capital of the Company as at the date of this announcement (excluding 5,162,284 treasury shares); (iii) approximately 4.49% of the issued share capital of the Company as enlarged by the allotment and issue of the 25,000,000 Warrant Shares (including 5,162,284 treasury shares); and (iv) approximately 4.54% of the issued share capital of the Company as enlarged by the allotment and issue of the 25,000,000 Warrant Shares (excluding 5,162,284 treasury shares).

Issue Price

The Issue Price is HK\$0.1 for each Warrant. The Issue Price is determined after arm's length negotiations between the Company and Jiuzhou with reference to the current market conditions, the Group's financial position and the historical share prices and liquidity of the Shares in the market. The Directors consider that the Issue Price is fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Subscription Price

The initial Subscription Price per Warrant Share for the First Tranche, Second Tranche and Third Tranche are HK\$10, HK\$12 and HK\$15, respectively, each Tranche is subject to following adjustment:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision or re-classification;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, at a price which is less than 80% of the market price being made by the Company to holders of Shares (in their capacity as such);
- (iv) an issue wholly for cash or for reduction of liabilities or for acquisition of assets being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Share, if in any case the total effective consideration per new Share is less than 80% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of such market price;
- (v) an issue of Share being made wholly for cash or for reduction of liabilities at a price less than 80% of the market price; and

- (vi) an issue of Shares being made wholly for acquisition of assets at a price less than 80% of the market price.

The initial Subscription Price of the first tranche (comprising 8,000,000 Warrants) of HK\$10 per Warrant Share represents (i) a premium of approximately 31.67% over the closing price of HK\$7.595 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 32.31% over the average closing prices of approximately HK\$7.558 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The initial Subscription Price of the second tranche (comprising 8,000,000 Warrants) of HK\$12 per Warrant Share represents (i) a premium of approximately 58.00% over the closing price of HK\$7.595 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 58.77% over the average closing prices of approximately HK\$7.558 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The initial Subscription Price of the third tranche (comprising 9,000,000 Warrants) of HK\$15 per Warrant Share represents (i) a premium of approximately 97.50% over the closing price of HK\$7.595 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 98.47% over the average closing prices of approximately HK\$7.558 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The Subscription Price of each tranche is determined after arm's length negotiation between the Company and the Subscriber with reference to the current market conditions, the Group's financial position, the historical Share prices and liquidity of the Shares in the market. The Directors consider that the Subscription Price is fair and reasonable.

Exercise Conditions

Each tranche is subject to fulfilment of all the conditions applicable to that tranche and performance is assessed on a consolidated basis for the JV Group.

First tranche exercise condition:	the JV Group having monthly revenue attributable to ARR of not less than RMB72,000,000 and cumulative consolidated net loss of not more than RMB5,000,000, assessed 3 months after completion of NetDragon BVI's capital injection into the JV Company.
Second tranche exercise condition:	the JV Group having monthly revenue attributable to ARR of not less than RMB108,000,000 and cumulative consolidated net loss of not more than RMB10,000,000, assessed 9 months after completion of NetDragon BVI's capital injection into the JV Company.
Third tranche exercise condition:	the JV Group having monthly revenue attributable to ARR of not less than RMB153,000,000; external market-based revenue representing not less than 40% of overall ARR; and cumulative consolidated net loss of not more than RMB15,000,000, assessed 15 months after completion of NetDragon BVI's capital injection into the JV Company.

Information on the Warrants

The Warrant Shares to be allotted and issued shall rank *pari passu* in all respects with the fully paid Shares in issue and in particular will have the right to receive all dividends or other distributions thereafter declared, paid or made on such Shares with reference to a record date occurring on or after the respective date of exercise of the Subscription Rights attaching to the Warrants.

The Exercise Period for each tranche will commence on the date on which the relevant Exercise Conditions are fulfilled and end 12 months thereafter, which may be extended by a further 12 months by agreement between the Company and the holder of the Warrants. Exercise is subject to confirmation that the relevant Exercise Conditions have been fulfilled and may not take place before the Warrants are issued.

The Subscription Right shall only be exercised on the condition that the exercise of the Subscription Right and the allotment and issue of the Warrant Shares will not cause the public float of the Shares to be less than 25% (or any given percentage as required by the Listing Rules for the minimum percentage of Shares being held by the public as per Rule 8.08(1) of the Listing Rules) of the issued Shares of the Company.

Each one (1) Warrant carries the right to subscribe for one (1) Warrant Share at the Subscription Price and is issued at the Issue Price.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of issued Shares at the time the Warrants are issued. Options granted under employee or executive share scheme which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, save for a total of up to 60,000,000 warrants proposed to be issued by the Company, the details of which are set out in the announcement of the Company on 17 September 2026, the Company has no outstanding subscription rights (excluding options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules).

A total of up to 25,000,000 Warrant Shares are proposed to be issued. Assuming full exercise of the Warrants and the 60,000,000 warrants proposed to be issued by the Company on 17 September 2026, a total of up to 85,000,000 new Shares to be allotted and issued, representing (i) approximately 16.16% of the existing issued share capital of the Company as at the date of this announcement (excluding 5,162,284 treasury shares); and (ii) approximately 13.91% of the issued share capital of the Company as enlarged by the allotment and issued of the Warrant Shares and the 60,000,000 Shares pursuant to the exercise of the 60,000,000 warrants (excluding 5,162,284 treasury shares).

Transferability

The Warrants may not be transferred without the Company's prior written consent. Permitted transfers must be in integral multiples of 100,000 Warrants.

Voting Rights

The Warrant holder will not have any right to attend or vote at any meeting of the Company by virtue of them being the Warrant holder. The Warrant holder shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Lapse and cancellation

Warrants whose relevant Exercise Conditions have not yet been satisfied cannot be exercised and will automatically lapse and be cancelled if: (i) those conditions are not met within the prescribed period; (ii) Jiuzhou breaches the MOU; (iii) Jiuzhou ceases to be a shareholder of the JV Company; or (iv) the MOU is terminated as a result of Jiuzhou's breach. Jiuzhou will have no claim against NetDragon BVI, the Company or the JV Group in respect of such lapse and cancellation.

Listing and Specific Mandate

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares, which will be allotted and issued under the Specific Mandate to be sought at the EGM. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group has been actively exploring business opportunities to enhance its long-term competitiveness, broaden its revenue base and create sustainable value for the Company and its shareholders. The proposed establishment of the JV Group is expected to provide the Group with a dedicated platform to develop and expand the relevant business by leveraging the resources, experience and expertise of both the Group and the JV partner.

The Board considers that the JV Group will enable the Group to capture new market opportunities, strengthen its operational capabilities and accelerate the commercialisation and development of the target IP, assets and business contributed by the JV partner. Through the JV structure, the Group can combine its capital resources, corporate governance experience and strategic management capabilities with the JV partner's industry know-how, content creation capabilities and operational expertise. This cooperation is expected to create synergies, enhance the Group's business ecosystem and support its medium- to long-term growth.

The proposed issue of Warrants is intended to serve as a performance-based incentive mechanism for the JV partner and/or the relevant management team. Unlike ordinary warrants that are typically priced mainly by reference to prevailing market prices, the Warrants are subject to clear performance-based vesting and exercise conditions. They will only become exercisable upon the achievement of specified key performance indicators by the JV Group, including monthly ARR targets and accumulated loss control thresholds at different stages after incorporation.

Accordingly, the Warrants transaction is designed to ensure that the JV partner and/or the relevant management team may only realise value from the Warrants after delivering measurable business performance and financial results. This structure aligns their interests with those of the Company and its shareholders, incentivises them to devote resources and efforts to the successful development and operation of the JV Group, and helps reduce the risk of value leakage or unwarranted dilution before the agreed performance targets are met.

In particular, the Warrants are divided into three tranches with progressively higher subscription prices and more demanding performance targets. This structure is expected to encourage the JV partner and/or the relevant management team to focus on the sustainable growth of the JV Group, including revenue growth, disciplined cost control and long-term value creation. The subscription prices of HK\$10.00, HK\$12.00 and HK\$15.00 per Share for the respective tranches also reflect an escalating incentive structure and link the potential equity participation of the warrant holder to the progressive development and performance of the JV Group.

The Board further considers that the proposed issue of Warrants will not result in any immediate dilution to existing shareholders, as dilution would only occur upon exercise of the Warrants and the allotment and issue of the underlying Shares. If and when the Warrants are exercised, the Company will receive additional cash proceeds from the Warrant Shares, which may further strengthen its capital base and financial flexibility and support the Group's future business development.

Overall, the Board considers that the establishment of the JV Group and the proposed issue of Warrants form an integrated commercial arrangement. The JV Group provides a platform for business expansion and value creation, while the Warrants provide a performance-driven incentive mechanism to align the interests of the JV partner and/or the relevant management team with those of the Group. The Directors are of the view that the terms of the JV arrangement and the Warrants Transaction are fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

USE OF PROCEEDS

The gross and net proceeds from the issue of the Warrants will be HK\$2,500,000 and are intended to be used as general working capital of the Group.

Assuming full exercise of all Warrants at the initial Exercise Prices, the Company would receive additional gross proceeds of HK\$311,000,000, comprising HK\$80,000,000 from the first tranche, HK\$96,000,000 from the second tranche and HK\$135,000,000 from the third tranche. The aggregate gross proceeds from issue and full exercise would therefore be HK\$313,500,000 assuming all tranches of the Warrants are fully exercised.

The net exercise proceeds are intended to be used in the following manner:

- (a) as to approximately HK\$280,000,000 (representing 90% of the aggregate net proceeds from the full-exercise assumption) to develop the AI business so as to build a second growth curve for the Company; to consolidate reserves of key resources such as computing power, thereby further empowering the dual principal businesses of AI + gaming and AI + education; and at the same time to enrich the overall asset portfolio and capture cutting-edge investment opportunities in the field of AI technology; and
- (b) as to approximately HK\$33,500,000 (representing 10% of the aggregate net proceeds from the full-exercise assumption) for supplementing working capital and general corporate purposes.

SHAREHOLDING STRUCTURE

The existing shareholding structure (excluding Treasury Shares) of the Company and the shareholding structure (excluding Treasury Shares) of the Company upon exercise in full of the subscription rights attaching to the Warrants, assuming no Share Options will have been exercised after the date of this announcement, are set out below:

Shareholders	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants assuming that Warrants are exercised in full ^(Note 5)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders and Director(s)				
DJM Holding Ltd. (together with persons acting in concert (as defined under the Takeovers Code) (including Mr. Liu Dejian and Liu Luyuan) ^(Note 1)	224,567,919	42.69	224,567,919	40.75
Chen Hongzhan ^(Note 2)	11,197,019	2.13	11,197,019	2.03
Leung Lim Kin, Simon ^(Note 3)	6,139,040	1.17	6,139,040	1.11
Lin Yun	1,182,600	0.22	1,182,600	0.21
Liu Sai Keung, Thomas	500,019	0.10	500,019	0.09
Li Sing Chung, Matthias	2,000	0.0004	2,000	0.0003
Public Shareholders				
Holders of Warrants ^(Note 4)	—	—	25,000,000	4.54
Other public Shareholders	282,511,652	53.70	282,511,652	51.26
Total	<u>526,100,249</u>	<u>100.00</u>	<u>551,100,249</u>	<u>100.00</u>

Notes:

- The 224,567,919 Shares comprise the followings: (i) 191,078,100 Shares directly held by DJM Holding Ltd., which is in turn wholly-owned by Liu Dejian; (ii) 10,264,000 Shares held by Liu Dejian as the beneficial owner; (iii) 1,684,000 Shares held by Liu Luyuan as the beneficial owner; and (iv) 21,541,819 Shares held by Liu Luyuan as founder of a trust. Pursuant to the concert party agreement between Liu Dejian and Liu Luyuan, Liu Dejian and Liu Luyuan are deemed to be interested in 42.69% of the Shares through their direct and deemed shareholding as aforementioned.
- Chen Hongzhan is interested in 2.13% of the Shares which is represented by beneficial interest of 156,200 Shares and interest held as a beneficiary of certain trust holding in aggregate of 11,040,819 Shares.
- Leung Lim Kin, Simon is interested in 1.17% of the Shares which is represented by beneficial interest of 6,019,040 Shares, and a beneficiary of a trust of 120,000 Shares.

4. Assumption is made for all the number of the Warrant Shares upon the Subscription Rights being exercised in full will be 25,000,000 Warrant Shares.
5. The holders of the Warrants will become Shareholders upon their exercise of the Subscription Rights in accordance with the terms and conditions of the Warrants.
6. The total number of issued shares exclude 5,162,284 Treasury Shares.
7. As at the date of this announcement, the Company granted 4,200,000 Share Options, amongst which, Leung Lim Kin, Simon holds 4,000,000 Share Options and Liu Sai Keung, Thomas holds 200,000 Share Options.

EQUITY FUNDRAISING ACTIVITIES IN THE PRECEDING TWELVE MONTHS

Reference is made to the Company's announcement dated 17 September 2026 in relation to a proposed placing of up to 60,000,000 unlisted warrants at HK\$0.10 each, carrying rights to Warrant Shares at an initial Exercise Price of HK\$8.28 per Share.

INFORMATION ON THE PARTIES

The Company and NetDragon BVI

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. It is an investment holding company. The Group is principally engaged in online and mobile games development and operation, education business, mobile solution, products and marketing, and property project business.

Jiuzhou

Jiuzhou is a company established in the PRC with limited liability and is principally engaged in short drama industry. Its ultimate controller Wang Jiacheng (汪家城) is also the founder, the chairman and the majority shareholder of Jiuzhou.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Jiuzhou, and its ultimate controller are Independent Third Parties.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the formation of the JV, were below 5%, the formation of the JV does not constitute a notifiable transaction for the Company under the Listing Rules.

The Company will seek approval at the EGM for the issue of the Warrants and the grant of the Specific Mandate to allot and issue the Warrant Shares upon exercise of the Warrants. The Warrant Shares will not be issued under the Company's existing general mandate.

GENERAL

The Company will seek Shareholders' approval at the EGM for the issue of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares. A circular containing, among other things, further details of the MOU, the Warrants and the Specific Mandate, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules..

Shareholders and potential investors should note that the MOU is legally binding, but Completion and the issue of the Warrants remain conditional. They may or may not proceed. Even if issued, the Warrants may not become exercisable and may lapse in accordance with their terms. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“ARR”	annualised recurring revenue of the JV Group
“Board”	the board of Directors
“Company”	NetDragon Websoft Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 777)
“Completion”	completion of NetDragon BVI's investment in the JV Company and the issue of all Warrants in accordance with the MOU
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the proposed issue of the Warrants and the Specific Mandate
“Exercise Conditions”	the conditions applicable to exercise of each tranche of Warrants, as described in this announcement
“Exercise Period”	in respect of each tranche of Warrants, the period commencing on the date on which the relevant Exercise Conditions are fulfilled and ending 12 months thereafter, which may be extended by a further 12 months by agreement between the Company and the holder of the Warrants
“Exercise Price(s)”	initially HK\$10, HK\$12 and HK\$15 per Warrant Share for the first, second and third tranches of Warrants, respectively, subject to adjustment

“Group”	the Company, its subsidiaries and such entities as are considered subsidiaries under the applicable accounting standards and policies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) independent of and not connected with the Company and its connected persons within the meaning of the Listing Rules
“Issue Price”	HK\$0.10 per Warrant
“Jiuzhou”	嘉興九州文化傳媒有限公司(Jiaxing Jiuzhou Culture Media Co., Ltd.*), a company established in the PRC with limited liability
“JV Business”	development of foundational artificial intelligence software, large-scale AI models and technology platforms; operation of content creation platforms and provision of model APIs, FDE and translation services; and provision of other digital technology services, including software development, data annotation and cleansing, information systems integration, and operation and maintenance services.
“JV Company” or “JV”	the limited liability company to be established by Jiuzhou for the purposes of the MOU, which will be owned as to 51% by NetDragon BVI and 49% by Jiuzhou immediately following Completion
“JV Group”	the JV Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2026, or such later date as NetDragon BVI and Jiuzhou may agree
“MOU”	the legally binding memorandum dated 28 September 2026 entered into between NetDragon BVI and Jiuzhou in relation to the JV arrangements and the Warrants, including its schedules
“NetDragon BVI”	NetDragon Websoft Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Specific Mandate”	the specific mandate proposed to be sought from Shareholders at the EGM for the allotment and issue of up to 25,000,000 Warrant Shares upon exercise of the Warrants
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Jiuzhou or its designated entity which will subscribe for the Warrants under the MOU
“Subscription Rights”	the rights of the holders of the Warrants represented by the Warrants
“Target IP and Assets”	the intellectual property relating to the Harness system business
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“Warrant(s)”	the 25,000,000 unlisted warrants proposed to be issued by the Company under the MOU, comprising the three tranches described in this announcement
“Warrant Share(s)”	up to 25,000,000 new Shares issuable upon exercise of the Warrants at the initial Exercise Prices, subject to fulfilment of the Exercise Conditions
“Warrantholder(s)”	the person(s) registered as the holder(s) or joint holder(s) of the Warrants
“%”	per cent.

* *For identification purposes only.*

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

Hong Kong, 28 September 2026

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Liu Dejian, Dr. Leung Lim Kin Simon, Mr. Liu Luyuan, Mr. Chen Hongzhan and Ms. Lin Yun; and three independent non-executive Directors, namely Mr. Li Sing Chung Matthias, Mr. Liu Sai Keung, Thomas and Dr. Lo Wing Yan William.