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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE
(1) INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2025
AND
(2) DISCLOSABLE TRANSACTIONS IN RELATION TO THE
ACQUISITIONS AND DISPOSALS OF CRYPTOCURRENCIES**

**DISCLOSABLE TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND
DISPOSALS OF CRYPTOCURRENCIES**

It has come to the attention of the Board that the Acquisitions and Disposals, on aggregated basis, would have constituted a disclosable transaction on the part of the Company to which the Company had not fully complied with the disclosure requirements under the Listing Rules at the relevant time.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated in respect of the Transactions under Rule 14.07 exceeds 5% but is less than 25%, each of the Transactions constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

Reference is made to the interim report (the “**Interim Report**”) of NetDragon Websoft Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2025 and dated 25 September 2025. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Interim Report.

In addition to the information provided in note 10 “Property, Plant and Equipment, Right-of-use Assets and Intangible Assets” to the consolidated financial statements in the Interim Report, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company would like to provide the following supplementary information to the shareholders (the “**Shareholders**”) of the Company regarding the Acquisitions and Disposals.

DISCLOSABLE TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND DISPOSALS OF CRYPTOCURRENCIES

The Acquisitions

It has come to the attention of the Board that the Acquisitions, on aggregated basis, would have constituted a disclosable transaction on the part of the Company to which the Company had not fully complied with the disclosure requirements under the Listing Rules at the relevant time.

The following are the details in relation to the Acquisitions:

Date	Number of Ethereum acquired	Consideration (USD)
4 January 2024	14,654.49	33,000,000
9 July 2024	643.08	2,000,000
2 January 2025	2,876.87	10,000,000
3 January 2025	6,353.30	22,205,987
6 January 2025	2,695.42	10,000,000
23 October 2025	773.02	3,000,000
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Total	27,996.18	80,205,987

As the Acquisitions were conducted on the open market, namely OSL Exchange, the Company has no knowledge of the identity(ies) of the vendor(s). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the vendor(s) and their ultimate beneficial owner(s) (if any), is/are Independent Third Party(ies).

The Disposals

It has also come to the attention of the Board that each of the Disposals of USDT/USDC and the Disposals of Ethereum, on aggregated basis, would have constituted a discloseable transaction on the part of the Company to which the Company had not fully complied with the discloseable requirements under the Listing Rules at the relevant time of entering into the Disposals.

The following are the details in relation to the Disposals:

Date	Number of USDT/USDC disposed	Consideration (USD)
4 January 2024	22,000,000	22,000,000
3 January 2025	32,205,987	32,205,987
Total	54,205,987	54,205,987

Date	Number of Ethereum disposed	Consideration (USD)
11 April 2024	2,819.98	10,000,000
12 April 2024	2,875.42	10,000,000
31 December 2024	9,602.18	31,705,817
Total	15,297.58	51,705,817

As the Disposals were conducted on the open market, namely OSL Exchange, the Company has no knowledge of the identity(ies) of the purchaser(s). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchaser(s) and their ultimate beneficial owner(s) (if any), is/are Independent Third Party(ies).

INFORMATION ON ETHEREUM AND USDT/USDC

Ethereum is a cryptocurrency of which its blockchain is generated by the Ethereum platform. Ethereum platform is a decentralised platform that runs smart contracts and allows different types of cryptocurrency tokens to be launched in Ethereum blockchain with ease. Applications and cryptocurrency tokens can be run in the Ethereum platform exactly as programmed without any possibility of downtime, censorship, fraud or third-party interference. This would save significant time and resources to be devoted in the development of a separate blockchain.

USDT and USDC are cryptocurrencies of which their blockchains are generated by the Tether and Circle platforms respectively. The Tether and Circle platforms facilitate the digital use of traditional currencies. USDT and USDC are both pegged to the United States dollar and are referred to as stablecoins. Every unit of these cryptocurrencies in circulation is backed up by approximately USD1.

INFORMATION ON THE GROUP

The Company is an investment holding company. The principal activities of the Group are engaged in (i) gaming and application services; (ii) overseas education business (“**Mynd.ai business**”); and (iii) property development business.

CRYPTOCURRENCY INVESTMENT POLICIES

The Group’s investment policy permits investments in leading cryptocurrencies such as Ethereum, Bitcoin, and USDT/USDC selected based on market credibility, regulatory recognition, liquidity, and alignment with strategic goals. The Group does not intend to become a digital asset treasury company which serves as capital markets-native vehicle that provide exposure to digital assets. Speculative or illiquid tokens are excluded. Internal guidelines limit exposure to no more than 25% of the Group’s available net assets at the relevant time unless approved by the Board. The Group adopts a medium-to-long-term investment horizon which typically ranges from two to five years, with periodic reviews based on market conditions and evolving priorities. These measures are intended to ensure that cryptocurrency investments do not compromise liquidity or financial stability.

Risk management is a key focus for the Group, with defined risk limits, counterparty due diligence, and liquidity safeguards in place. The Group employs an evaluation mechanism when selecting trading platforms and custodians, focusing on key criteria including financial stability and compliance. The selection of OSL Exchange which was based on its robust regulatory credentials and systematic infrastructure framework. In terms of risk limits, all investments in cryptocurrency shall be fully funded without the use of margin, borrowing or derivatives that introduce leverage. For maximum single cryptocurrency exposure, holdings in any single cryptocurrency shall not exceed 10% of the Group’s total net asset value. Furthermore, there is a concentration limit for cryptocurrencies other than Bitcoin and Ethereum. Exposure to all cryptocurrencies other than Bitcoin and Ethereum shall not exceed 50% of the total cryptocurrency portfolio. However, this restriction shall not apply if the aggregate cryptocurrency exposure is less than USD20.0 million. Liquidity is maintained through a diversified portfolio and internal thresholds for minimum cash reserves which the Group shall hold cash or cash equivalents equal to at least 12 months of working capital, with regular stress testing to assess resilience under various market scenarios. Investment horizons take into account factors such as ensuring sufficient capital adequacy, maintaining consistent profitability, fostering long-term value creation, safeguarding liquidity, and uploading a sound risk governance profile and market reputation.

The selection of trading platforms follows a structured due diligence process. First, potential platforms are screened by checking independent external ratings, reviewing any negative news, and investigating existing or historical litigation. This information is then compiled for internal approval, where senior management makes the final selection. To ensure ongoing compliance and safety, these platform selections are subject to regular reviews, including a formal re-evaluation of the trading platform’s external ratings on an annual basis.

Investment decisions follow a structured internal process involving the finance department, the compliance and corporate affairs department (the “**Compliance and Corporate Affairs Department**”) with the Board’s approval required for proposals exceeding 5% in size test calculations. The finance department monitors the market and executes purchases within approved parameters. These governance mechanisms are designed to ensure transparency, accountability, and alignment with the Group’s strategic and financial objectives. Although the Transactions underwent the required internal process, the Company did not publish an announcement regarding the Transactions in a timely manner due to the misunderstandings outlined in the “Remedial Actions” section.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE DISPOSALS

Having considered the optimistic prospects of cryptocurrencies, the Board is of the view that the Acquisitions and the Disposals are strategic moves to expand the Group’s investment portfolio in the long run by adding cryptocurrency assets. Acquiring Ethereum provides the Group a positive investment opportunity in the development of the decentralised blockchain applications. In addition, the Board considered USDT/USDC as quality stablecoins. They provide stability and ease of conversion to mitigate the volatility typically associated with cryptocurrencies. Through the Disposals, the Company had used such USDT/USDC to acquire other cryptocurrencies. Together, acquiring these cryptocurrencies allows the Group to develop a diverse investment portfolio. Subsequent to the Transactions and as at the date of this announcement, the Group had not made further acquisitions or disposals of cryptocurrencies. Despite maintaining a medium-to-long term investment horizon, the Company executed one-off disposals of certain assets in response to isolated price surges of Ethereum during the first quarter (February to April 2024) and the final quarter (November to December 2024) to realise gain. Consistent with its strategic focus on medium-to-long term holdings, the Company will continue to make selective acquisitions from time to time. The Company may trade the cryptocurrencies based on the prevailing market prices and its liquidity requirements to realise gain, however, it intends to maintain a holding of leading cryptocurrencies in the long run as part of its investment portfolio. As at the date of this announcement, the Group had approximately 13,000 units of Ethereum.

As a result of the Disposal of Ethereum, the Group expects to recognise a gain of approximately RMB121.0 million (excluding transaction costs), being the difference between the proceeds from the Disposal of Ethereum and the acquisition cost of the disposed Ethereum. For the Disposal of USDT/USDC, the Group does not expect to recognise a gain or loss. The Group intends to use the proceeds from the Disposal of Ethereum as general working capital of the Group or for other investment opportunities as and when appropriate. For the avoidance of doubt, the actual gain or loss as a result of the Disposals to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

In view of the aforesaid and having considered that the Transactions were made on the open market at prevailing market price, the Directors are of view that the Transactions were fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

REMEDIAL ACTIONS

As one or more of the applicable percentage ratios for the each of the aggregate Acquisitions, aggregate Disposals of Ethereum and aggregate Disposals of USDT/USDC exceeds 5% as at 6 January 2025, 31 December 2024 and 3 January 2025, respectively, the Transactions constitute discloseable transactions for the Company at the relevant times.

The Company has not published an announcement in respect of the Transactions as required under Rule 14.34 of the Listing Rules in a timely manner due to an inadvertent mistake. The mistake arose from two misunderstandings: (i) as the applicable percentage ratios in respect of each of the Transactions is less than 5% on a standalone basis, the Company did not aggregate each of the Acquisitions and the Disposals; and (ii) as investment in cryptocurrencies is a relatively new strategy which the Company is exploring, the Company viewed that the USDT/USDC as cash equivalents since the USDT/USDC, being stablecoins, will not be affected by any appreciation nor depreciation in value as against the United States Dollar, the Company mistakenly considered that their trading would not constitute a transaction under Chapter 14 of the Listing Rules. The Company regrets the inadvertent mistake and will undertake the necessary remedial actions as set out below to avoid future non-compliances with the Listing Rules.

As an immediate remedial action, the Company has admitted the non-compliance with the Listing Rules requirements regarding the Transactions and has published this announcement.

To prevent similar incidents from happening again in the future, in addition to the internal control procedures in place, the Company will implement the following remedial actions:

Remedial Action No.	Remedial Action	Implementation Timeline
1	The Company has designated the Compliance and Corporate Affairs Department to monitor and assess all transactions involving the trading of cryptocurrencies.	Immediate effect
2	The Compliance and Corporate Affairs Department will compute the percentage ratios in accordance with Chapter 14 of the Listing Rules, prior to the entering into of any transactions involving the trading of cryptocurrencies.	Ongoing

Remedial Action No.	Remedial Action	Implementation Timeline
3	The responsible personnel from finance department, after seeking approval from the Directors, if necessary, shall obtain confirmation from the Compliance and Corporate Affairs Department before any proposed transaction involving the trading of a cryptocurrency in which any of the percentage ratios does not exceed 5% is proceeded with.	Ongoing
4	Any proposed transaction involving the trading of a cryptocurrency in which any of the percentage ratios exceeds 5% on a standalone basis or as aggregated will be reported to the Board by the Compliance and Corporate Affairs Department and prior approval of the Board shall be obtained before such transaction is proceeded with. The Board will ensure that any proposed transaction involving the trading of a cryptocurrency, which constitutes a disclosable transaction on the part of the Company, will comply with the requirements as set out in the Listing Rules.	Ongoing
5	The Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirements of the Listing Rules by the Group.	Ongoing
6	The Company will provide detailed guidelines relating to notifiable transactions under the Listing Rules for all the Directors and senior management in order to strengthen and reinforce their knowledge relating to notifiable transactions and their ability to identify potential issues at early stage. Such guidelines cover, among others, the definition of transaction, classification of notifiable transactions, disclosure obligations and shareholder approval pursuant to Chapter 14 of the Listing Rules.	<p>Within 3 months from the date of this announcement</p> <p>The Directors, senior management and the relevant personnel will be provided with updated guidelines as and when the relevant Listing Rules are amended.</p>

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated in respect of the Transactions exceeds 5% but is less than 25% as aggregated, each of the Transactions constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisitions”	the acquisitions of Ethereum by the Group during the period from 4 January 2024 to 23 October 2025
“Board”	board of Directors
“Company”	NetDragon Websoft Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the Stock Exchange
“Directors”	the director(s) of the Company
“Disposals”	collectively, the Disposals of USDT/USDC and the Disposals of Ethereum
“Disposals of Ethereum”	the disposals of Ethereum by the Group during the period from 11 April 2024 to 31 December 2024
“Disposals of USDT/USDC”	the disposals of USDT/USDC by the Group during the period from 4 January 2024 to 3 January 2025
“Ethereum”	Ethereum, a type of cryptocurrency that operates using blockchain technology generated by the Ethereum platform
“Group”	the Company, its subsidiaries and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who is (are) independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Acquisitions and the Disposals

“USD” or “United States Dollar”	United States dollar(s), the lawful currency of the United States of America
“USDC”	USD Coin, a stablecoin issued by regulated financial institutions, backed by fully reserved assets, redeemable on a 1:1 basis for US dollars
“USDT”	Tether USD, a cryptocurrency stablecoin launched in 2014
“%”	per cent.

In this announcement, amounts in USD are translated to HK\$ on the basis of USD1 = HK\$7.82. The conversions are for illustration purpose only and should not be taken as a representation that USD could actually be converted into HK\$ at that rate or at other rates or at all.

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

Hong Kong, 13 February 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; one non-executive Director, namely Mr. Lin Dongliang; and three independent non-executive Directors, namely Mr. Li Sing Chung Matthias, Mr. Liu Sai Keung, Thomas and Dr. Lo Wing Yan, William.