



NetDragon

**NetDragon Websoft Holdings Limited**

**網龍網絡控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立的有限公司)*

**2025 CORPORATE GOVERNANCE REPORT**

**2025 企業管治報告**

# 2025 CORPORATE GOVERNANCE REPORT

## 2025 企業管治報告

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### ABOUT THIS REPORT

The Directors believe that good corporate governance practices serve as an effective risk management for the Company and hence, the shareholders of the Company will benefit from the high standard of corporate governance.

The Company has applied the principles set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules.

Throughout the year, save as disclosed in this Corporate Governance Report, the Company has complied with the provisions as set out in the CG Code in Appendix C1 to the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established its code of conduct regarding securities transaction by Directors, senior management and relevant employees on terms no less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions during the year under review.

### THE BOARD

The Board is composed of five executive Directors (including the Chairman and the Chief Executive Officer of the Company) and four non-executive Directors (of whom three are independent non-executive Directors), whose biographical details are set out in “Directors and Senior Management” section on pages 23 to 31. Save as disclosed herein, none of the members of the Board has any financial, business, family or other material relevant relationship to one another.

Each of the non-executive and independent non-executive Directors has entered into an appointment letter with the Company, all for an initial term of three years since the date of appointment and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the current term unless and until terminated in accordance with the terms of the appointment letter or by either party thereto giving to the other not less than three months’ prior written notice.

#### Duties of the Board including delegation to management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the committees and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the audit committee, the remuneration committee, the nomination committee and the share award scheme committee. Further details of these committees are set out in this report.

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### THE BOARD (Cont'd)

Duties of the Board including delegation to management (Cont'd)

Duties of the Board include:

- (i) ensuring, maintaining and overseeing the internal control systems of the Group;
- (ii) setting the objectives of management of the Group;
- (iii) monitoring the performance of management of the Group;
- (iv) ensuring that a framework of prudent and effective controls is in place to enable risks to be assessed and managed; and
- (v) overseeing the management of NetDragon's relationships with stakeholders, such as, shareholders, customers, the community, interest groups, employees and others who have a legitimate interest in the responsible conduct of the Group's business.

During the year ended 31 December 2025, the Board held four meetings and the attendance of each of the Directors at Board, committee and general meetings held in 2025 is set out below:

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
<b>Directors</b>					
<b>Executive Directors</b>					
Liu Dejian (Chairman)	4/4	N/A	N/A	N/A	0/1
Leung Lim Kin Simon (Vice Chairman)	4/4	N/A	N/A	N/A	1/1
Liu Luyuan (Chief Executive Officer)	4/4	N/A	N/A	N/A	0/1
Chen Hongzhan	4/4	N/A	N/A	N/A	0/1
Lin Yun	4/4	N/A	N/A	N/A	0/1
<b>Non-executive Director</b>					
Lin Dongliang	4/4	N/A	N/A	N/A	0/1
<b>Independent non-executive Directors</b>					
Liu Sai Keung, Thomas	4/4	3/3	2/2	3/3	1/1
Li Sing Chung Matthias	4/4	3/3	2/2	3/3	1/1
Lo Wing Yan, William <i>JP</i> (appointed on 29 August 2025)	N/A	1/3	N/A	N/A	N/A
Lee Kwan Hung, Eddie (retired on 5 June 2025)	1/4	1/3	1/2	1/3	1/1

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### THE BOARD (Cont'd)

#### Duties of the Board including delegation to management (Cont'd)

The CG Code provision F.2.2 requires that the Chairman of the Board should attend the annual general meeting of the Company (“AGM”) and should invite the Chairman of the audit, remuneration, nomination and any other committee (as appropriate) to attend the AGM and in their absence, he should invite another member of the committee or failing this his duly appointed delegate(s) to attend. These persons should be available to answer questions at the AGM. At the AGM held on 5 June 2025, Dr. Leung Lim Kin, Simon, the vice chairman of the Board, Mr. Li Sing Chung Matthias, the chairman of the audit committee and Mr. Liu Sai Keung, Thomas, the chairman of nomination committee, attended and answered shareholders’ questions, the Chairman of the Board and the other Directors did not attend as they had other important business engagement.

Board and committee minutes are recorded in appropriate detail. Draft minutes are circulated to Directors for comments within reasonable time after each meeting and the final version is open for Directors’ inspection.

The Directors are entitled, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company’s expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. Following the retirement of Mr. Lee Kwan Hung, Eddie on 5 June 2025, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee.

Following the appointment of Dr. Lo Wing Yan on 29 August 2025, the Company re-complied with Rules 3.10(1), 3.10A, 3.21 and 3.23 of the Listing Rules.

In full compliance with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional accounting qualifications. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company.

In addition, the Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. One of them have served on the Board for more than nine years and their independence have been verified. The Nomination Committee is fully satisfied that they demonstrate complete independence in character and judgement both in their designated roles and as board members. The Board considers that all independent non-executive Directors to be independent by reference to the factors stated in the Listing Rules.

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### THE BOARD (Cont'd)

#### Duties of the Board including delegation to management (Cont'd)

In compliance with Rule 3.09D of the Listing Rules, Dr. Lo Wing Yan, William has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 19 August 2025 and has confirmed that he understood his obligations as Director.

As at 31 December 2025, each of the independent non-executive Directors of the Company confirmed that they did not hold more than six directorships of issuers listed on the Main Board or GEM of the Stock Exchange in compliance with Rule 3.12A of the Listing Rules.

The Board acknowledges the requirements under Rule 3.13A of the Listing Rules regarding the tenure of independent non-executive directors. The Board will continue to monitor the composition and tenure of its INEDs, and plans to appoint an additional independent non-executive Director before the conclusion of the first annual general meeting to be held on or after 1 July 2028, in order to ensure ongoing compliance with the Listing Rules.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors are also provided with monthly updates which contain periodic financials with summaries and covering highlights of the Company's major businesses of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The non-executive Director and independent non-executive Directors may take independent professional advice at the Company's expense in carrying out their functions, after making a request to the Board.

### DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. The Directors have confirmed their compliance with Rules 3.09F, 3.09G, and 3.09H of the Listing Rules regarding Directors' training. In 2025, all Directors have participated in continuous professional development by reading materials, training by external provider and attending seminars on regulatory and corporate governance matters to develop and refresh their knowledge.

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### DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT (Cont'd)

During the year, the Directors participated in sufficient continuing professional development by attending seminars and training courses, accessing online learning resources, etc. Below sets out a summary based on the information provided by the Directors to the Company:

	Directors' responsibilities	Laws and Regulations	Corporate governance	Risk management and Internal control	The Group's business	Approximate number of hours of CPD training completed in Year 2025
<b>Executive Directors</b>						
Liu Dejian	2 <sup>1</sup>	1.5 <sup>1</sup>	5.5 <sup>3</sup>	1 <sup>1</sup>	12.5 <sup>3</sup>	22.5
Leung Lim Kin, Simon	1.5 <sup>2</sup>	1 <sup>2</sup>	6 <sup>3</sup>	1.5 <sup>2</sup>	6 <sup>3</sup>	16
Liu Luyuan	2 <sup>1</sup>	1.5 <sup>1</sup>	2 <sup>1</sup>	1 <sup>1</sup>	1.5 <sup>1</sup>	8
Chen Hongzhan	2 <sup>1</sup>	1.5 <sup>1</sup>	2 <sup>1</sup>	1 <sup>1</sup>	1.5 <sup>1</sup>	8
Lin Yun	6.5 <sup>2</sup>	4.5 <sup>2</sup>	5 <sup>2</sup>	4 <sup>2</sup>	4.5 <sup>2</sup>	24.5
<b>Non-Executive Directors</b>						
Lin DongLiang	2 <sup>2</sup>	1.5 <sup>2</sup>	1 <sup>2</sup>	1 <sup>2</sup>	2 <sup>2</sup>	7.5
<b>Independent Non-executive Directors</b>						
Liu Sai Keung, Thomas	2 <sup>2</sup>	1.5 <sup>2</sup>	1 <sup>2</sup>	1 <sup>2</sup>	2 <sup>2</sup>	7.5
Li Sing Chung, Matthias	1.5 <sup>2</sup>	7 <sup>2</sup>	1.5 <sup>3</sup>	1 <sup>2</sup>	14 <sup>23</sup>	25
Lo Wing Yan, William (appointed on 29 August 2025)	1.5 <sup>2</sup>	1.5 <sup>2</sup>	1.5 <sup>2</sup>	1.5 <sup>2</sup>	1.5 <sup>2</sup>	7.5

Notes:

1. by self-study
2. trainings by external provider
3. seminar

### BOARD PERFORMANCE REVIEW

The Company acknowledges the requirement under Code Provision B.1.4 of the Corporate Governance Code to conduct a formal evaluation of the performance of the Board at least once every two years. The management is currently reviewing the most appropriate and effective strategy and framework for conducting a comprehensive Board performance evaluation that aligns with the Company's governance objectives and operational focus. The management expects to complete the development of its Board evaluation framework and to conduct its first formal Board performance review, with the relevant results to be disclosed in the Company's 2027 Annual Report.

### BOARD SKILLS MATRIX

The Company is in the process of formulating an effective strategy to develop and implement a Board skills matrix, which aims to identify and disclose the mix of skills, experience and diversity represented on the Board. The Board expects that the skills matrix will be completed and disclosed in the Corporate Governance Report of the 2027 Annual Report in compliance with the Code Provision B.1.5. The Company shall conduct a formal evaluation of the Board's performance every two years. The performance review of the Board will be conducted by the end of 31 December 2026.

### DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT

With reference to the ND Structure Contracts entered into among TQ Digital, TQ Online and NetDragon (Fujian), the executive Director, Mr. Liu Luyuan is interested in an aggregate of 0.07% in NetDragon (Fujian). Transactions between the Company, NetDragon (BVI), TQ Digital, TQ Online, NetDragon (Hong Kong) or NetDragon (USA) (all being wholly-owned subsidiaries of the Company) on one hand and NetDragon (Fujian) on the other hand, including the ND Structure Contracts and the ND Other Contracts would technically constitute connected transactions. Details for the ND Structure Contracts and the ND Other Contracts are set out in pages 43 to 48 in the section of "Report of the Directors" under the paragraphs of "ND Structure Contracts".

With reference to the Best Assistant Control Documents entered into among Fujian Huayu and NetDragon (Fujian), NetDragon (Fujian) and Fujian Huayu (being a subsidiary of NetDragon (Fujian)) are technically associates of Dr. Liu Dejian and Mr. Liu Luyuan, and therefore connected persons of the Company. Transactions between the Company or its subsidiaries, except Best Assistant (Cayman) and subsidiaries of Best Assistant (Cayman) (the "Best Assistant Group Companies") on one hand and Best Assistant (Cayman) or Best Assistant Group Companies on the other hand, including the Best Assistant Control Documents would technically constitute connected transactions. Details for the Best Assistant Control Documents are set out in pages 48 to 52 in the section of "Report of the Directors" under the paragraphs of "Best Assistant Control Documents".

#### DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT (Cont'd)

Details for the continuing connected transactions are set out in pages 43 to 57 in the section of "Report of the Directors" under the paragraphs of "Continuing Connected Transactions".

Save as the above, none of the Directors is materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance of the Company during the year ended 31 December 2025 or as at the end of the year.

#### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the chairman and the chief executive officer are held by Dr. Liu Dejian and Mr. Liu Luyuan, respectively.

In order to reinforce their respective independence, accountability and responsibility, the role of the chairman is separated from that of the chief executive officer. The chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice and ensuring the effectiveness of the Board. With the support of the senior management, the chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

The chief executive officer focuses on managing the Company and its subsidiaries, developing and implementing objectives, policies and strategies approved and delegated by the Board. The chief executive officer is in charge of the Group's day-to-day management and operations and is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

#### AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 15 October 2007 which has adopted written terms of reference in compliance with the CG Code Provision. The primary duties of our audit committee are to review and supervise our financial reporting process, risk management, internal control and corporate governance systems.

The Audit Committee reviews the quarterly, interim and annual consolidated financial results of the Group. In addition, the Audit Committee also reviews and approves the pricing policy and the performance for the continuing connected transactions and connected transactions relating to ND Structure Contracts, ND Other Contracts and Best Assistant Control Documents of the Group.

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### AUDIT COMMITTEE (Cont'd)

The Audit Committee held three meetings during the year ended 31 December 2025. The major work performed by the Audit Committee in respect of the year ended 31 December 2025 included reviewing and recommending the re-appointment of external auditor, approving the terms of engagement (including the remuneration) of the external auditor and the audit plan, reviewing the unaudited interim report and interim results announcement for the six months ended 30 June 2025, reviewing the audited financial statements and final results announcement for the year ended 31 December 2025, reviewing the work of the Group's internal audit and assessing the effectiveness of the Group's systems of internal control, risk management, corporate governance, cost control and the audit plan work to the Company's business and strategy. The Audit Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff of the accounting and financial reporting function, and training programmes and budget.

Our Audit Committee comprises three independent non-executive Directors, namely Li Sing Chung Matthias, Liu Sai Keung, Thomas and Lo Wing Yan, William. Li Sing Chung Matthias is the chairman of the Audit Committee.

The Group's audited consolidated financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

### INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its responsibility for maintaining a sound and effective system of internal control and risk management on an ongoing basis to safeguard the shareholders' investment and the Company's assets, and reviewing its effectiveness at least annually. The Board has entrusted the Audit Committee and professional external consultant with the responsibility to review the internal control and risk management systems of the Group annually, which include the review of financial, operational and compliance controls and risk management functions.

During the year under review, the Board has conducted a review on the effectiveness of the internal control and risk management system of the Group through discussion with the Audit Committee on audit findings and control issues. These procedures provide reasonable and not absolute assurance against material errors, losses and fraud, and the system is designed to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Board, based on the review of the Audit Committee, is satisfied that the Group has maintained sound and effective risk management and internal control system for the year ended 31 December 2025.

### INTERNAL CONTROL AND RISK MANAGEMENT (Cont'd)

The procedures and internal controls of the Company for handling and dissemination of inside information includes handling corporate affairs in accordance with the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules, and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information.

### REMUNERATION COMMITTEE

The Company established the remuneration committee (the “Remuneration Committee”) on 15 October 2007 which adopts the model as described in E.1.2 (c) (ii) of CG Code, which determines remuneration packages and policy for all executive Directors and senior management and makes recommendation on the remuneration of non-executive Directors to the Board. The remuneration of all our Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that levels of their remuneration and compensation are appropriate.

During the year ended 31 December 2025, the Remuneration Committee held two meetings, a meeting was held to review the salary structure of the Directors and senior management of the Company by assessing their performance and with reference to the remuneration level of directors of comparable listed companies and the terms of the executive Directors’ service contracts.

Dr. Lo Wing Yan, William was appointed as an independent non-executive director of the Company on 29 August 2025. The Remuneration Committee held a meeting on 29 August 2025 to formally confirm the Dr. Lo’s appointment.

The Remuneration Committee is following a structured approach and timetable to evaluate and recommend the remuneration packages for executive directors and senior management to the Board. This approach enhances transparency, accountability and governance effectiveness, ensuring that remuneration decisions are made in comprehensive and principled manner that aligns with CG Codes and the RC’s Terms of Reference.

Our Remuneration Committee comprises three independent non-executive Directors, namely Li Sing Chung Matthias, Liu Sai Keung, Thomas and Lo Wing Yan, William. Lo Wing Yan, William is the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

### EMPLOYEE AND EMOLUMENT POLICY

The emolument policy of the employees of the Company is set up by the Board on the basis of their merit, qualifications and competence.

#### EMPLOYEE AND EMOLUMENT POLICY (Cont'd)

The emoluments of the executive Directors and senior management of the Company are reviewed and determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group has adopted the 2024 Share Option Scheme and the 2024 Share Award Scheme to motivate Directors and eligible employees. Details of the schemes are set out in the paragraphs headed "Share Schemes". None of the directors waived any emoluments during the year ended 31 December 2025.

#### NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 15 October 2007 which has adopted written terms of reference in compliance with the CG Code Provision. The Nomination Committee determines the nomination policy and follows a formal, fair and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee reviews the structure, size and composition of the Board annually, identifies suitably qualified candidates to become Board members and select or make recommendations to the Board on the selection of candidates nominated for directorships and succession planning for directors, and assesses the independence of the independent non-executive Directors. During this process, the Nomination Committee considers candidates based on merit and with due regard to the benefits of diversity on the Board.

During the financial year ended 31 December 2025, the Nomination Committee held three meetings, a meeting was held to review the structure, size and composition of the Board and assessed the independence of the three independent non-executive Directors of the Company. The Nomination Committee is of the view that the current Board demonstrates a balanced composition with sufficient independence element.

The Nomination Committee held a meeting on 30 June 2025 to approve the update of the Terms of Reference according to the amendments in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited that to be effective on 1 July 2025.

Another meeting was held on 29 August 2025. At this meeting, the Committee considered and approved the appointment of Dr. Lo Wing Yan, William as a chairman of the Nomination Committee and Ms. Lin Yun as a member of the Nomination Committee of the Company.

The Nomination Committee takes lead in considering and evaluating candidates for directorship roles, making recommendations to the Board based on their assessment. This approach ensures a thorough and transparent selection process, where the Nomination Committee's expertise and diverse perspectives can contribute to identifying individuals best suited for directorial positions. The Board can then make the final appointment decisions, aligning with the Code Provisions and the Nomination Committee's Term of Reference.

#### NOMINATION COMMITTEE (Cont'd)

Our Nomination Committee comprises three independent non-executive Directors, namely Li Sing Chung Matthias, Liu Sai Keung, Thomas and Lo Wing Yan, William, and one executive director, namely, Lin Yun. Liu Sai Keung, Thomas is the chairman of the Nomination Committee.

The written terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company.

Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

#### Board Diversity Policy

On 30 August 2013, the Board adopted the board membership diversity policy for maintaining the appropriate skills and experience required by the Company's business and a diversity of perspectives on the Board.

The following is a summary of the board diversity policy:

- reviewing and assessing the composition of the Board to maintain an appropriate range and balance of talents, skills, experience and background on the Board;
- recommending candidates for appointment to the Board by considering merit against objective criteria and with due regard for the benefits of diversity on the Board; and
- conducting an annual review of the effectiveness of the Board by considering the balance of talents, skills, experience, independence and knowledge of the Board and the diversity of the Board.

The achievement of these criteria will be measurable on an objective review, which can enhance the diversity of background and experience of individual directors and the effectiveness of the Board in protecting shareholders' interests.

Details of the gender ratio in workforce (including senior management) are set out in the "Environment, Social and Governance Report" on page 156.

### NOMINATION COMMITTEE (Cont'd)

#### Nomination Policy

The Nomination Committee recommends candidates for nomination to the Board, which approves the final choice of candidates. The Nomination Committee was responsible to maintain the nomination policy of the Company (the “Nomination Policy”) and review the same regularly. The objective of the Nomination Policy is to assist the Company in fulfilling its duties and responsibilities as provided in its terms of reference. This Nomination Policy sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- (a) Reputation for integrity;
- (b) Accomplishment, experience and reputation in the business and other relevant sectors relate to the Company and/or its subsidiaries;
- (c) Commitment in respect of sufficient time and attention to the Company’s business;
- (d) Diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
- (e) The ability to assist and support management and make significant contributions to the Company’s success;
- (f) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited for the appointment of an independent non-executive Director; and
- (g) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Committee believes that independence is an important part of fulfilling the Directors’ duty to supervise the management of the business and affairs of the Company. Non-executive Directors and Executive Directors are required to disclose his/her competing businesses to the Company. Cross-directorships in Hong Kong or overseas between Directors are also reviewed annually. The Nomination Committee is accountable for assessing whether any competing businesses or interlocking directorships could materially interfere with the exercise of objective and unfettered judgement by relevant Directors or their ability to act in the best interests of the Group.

### WORKFORCE DIVERSITY POLICY

On 30 June 2025, the Board adopted the workforce diversity policy for reinforcing the Group's commitment to building a respectful, fair, and inclusive workplace where every employee's unique background and perspective are valued.

The following is a summary of the workforce diversity policy:

- embracing diversity and inclusion across gender, age, background, experience, and skills as key drivers of innovation and success.
- ensuring equal opportunity in all employment practices and prohibiting any form of discrimination or harassment.
- providing ongoing training to enhance diversity awareness and reviewing the policy regularly to maintain its relevance and effectiveness.

This achievement of these criteria is designed to further enhance the diversity of backgrounds, experiences, and perspectives across all levels of the Group. By attracting, developing, and retaining employees from varied professional and cultural backgrounds, the Group aims to strengthen its capacity for innovation, broaden its decision-making perspectives, and cultivate an inclusive workplace culture that drives sustainable business growth and long-term success.

### ND MANAGEMENT COMMITTEE

The Company established the ND Management Committee pursuant to the ND Structure Contracts to oversee the business and operations of NetDragon (Fujian).

The ND Management Committee comprises four members, of which each of TQ Digital and NetDragon (Fujian) is entitled to appoint two members from its respective board of directors. Other than by reason of retirement, resignation, incapability or death, a member of the ND Management Committee may only be removed by the party who originally appointed such member. As a general requirement, the members appointed by NetDragon (Fujian) must also be the equity holders of NetDragon (Fujian) as well as directors of TQ Digital. In the case where the number of members who concurrently act as a director of both TQ Digital and NetDragon (Fujian) is less than two, TQ Digital is entitled to appoint an additional member of the ND Management Committee. As such, under the ND Structure Contracts, the ND Management Committee is allowed to have a maximum of five members.

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#### ND MANAGEMENT COMMITTEE (Cont'd)

Currently, the ND Management Committee comprises Liu Dejian and Liu Luyuan who were appointed by NetDragon (Fujian), and Zheng Yicheng and Chen Hongzhan who were appointed by TQ Digital. The directors of NetDragon (Fujian) comprise Liu Dejian, Liu Luyuan, Wang Song and Zheng Yicheng. Zheng Yicheng is also the general manager of NetDragon (Fujian). Further details of the above members of the ND Management Committee are set out in the section headed “Directors and Senior Management” in this annual report.

#### BEST ASSISTANT MANAGEMENT COMMITTEE

The Best Assistant Management Committee was established on 3 March 2015 pursuant to the Best Assistant Control Documents to oversee the business and operations of Fujian Huayu. Through its control over Fujian Huayu, the Best Assistant Management Committee is also able to oversee the business and operations of the subsidiaries of Fujian Huayu. The Best Assistant Management Committee comprises four members, of which each of Fujian Tianquan and Fujian Huayu is entitled to appoint two members from its respective board of directors. Other than by reason of retirement, resignation, incapability or death, a member of the Best Assistant Management Committee may only be removed by the party who originally appointed such member. In the case where the number of members who concurrently act as a director of both Fujian Tianquan and Fujian Huayu is less than two, Fujian Tianquan is entitled to appoint an additional member of the Best Assistant Management Committee. As such, under the Best Assistant Control Documents, the Best Assistant Management Committee is allowed to have a maximum of five members.

Currently, the Best Assistant Management Committee comprises Liu Dejian and Liu Luyuan, who were appointed by Fujian Huayu, and Zheng Yicheng and Wang Song, who were appointed by Fujian Tianquan. The directors of Fujian Huayu comprise Liu Dejian, Liu Luyuan, Chen Hongzhan, Wang Song and Zheng Yicheng.

#### DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

#### AUDITOR'S REMUNERATION

During the year under review, the remuneration paid to the Company's external auditors, is set out as follows:

	<i>RMB million</i>
Audit services	
– Deloitte in Hong Kong	6
– Other auditors	16
Non-audit services	2
	<hr/>
	24
	<hr/> <hr/>

## 2025 CORPORATE GOVERNANCE REPORT

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#### AUDITOR'S REMUNERATION (Cont'd)

The above non-audit services include professional advisory fees relating to the interim review services and financial and tax advisory services.

#### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Directors acknowledge such responsibilities. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statements of the Company's external auditors regarding their responsibilities on the financial statements are set out in the Independent Auditor's Report on pages 168 to 172.

#### COMPANY SECRETARY

Mr. Lau Hak Kin, Financial Controller and Head of Compliance and Corporate Affairs of the Company, has been appointed by the Company as company secretary since September 2014. He is also the primary contact person of the Company. During the year ended 31 December 2025, Mr. Lau Hak Kin has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

#### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands, as amended from time to time. However, according to article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in article 88 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

#### PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office: Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

For other enquiries or proposals to the Board, Shareholders may send written enquiries to the Company by fax: (852) 2850 7066 or mail to Units 2001-05 & 11, 20th Floor, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong.

#### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float with more than 25% of the issued shares of the Company being held by the public.

#### DIVIDEND POLICY

Dividend Policy is adopted and approved by the board of directors of the Company as the guideline on dividend distribution regarding future dividends to be paid by the Company with effect from 26 March 2019. The Company is committed to maintaining sufficient resources and flexibility to meet the Company's financial and operational requirements. At the same time, the Company continually seeks ways to enhance shareholders' value to ensure sustainable long-term yields for shareholders.

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### DIVIDEND POLICY (Cont'd)

The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

Under the Cayman Islands Companies Act and the Articles of Association of the Company, all of our shareholders have equal entitlement to dividends and distributions. The Board shall have the right to review the Dividend Policy from time to time as it deems fit according to the financial and business development requirements of the Company.

### COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company recognises the importance to maintain a transparent and on-going dialogue with the shareholders. A shareholders' communication policy, which is reviewed by the Board on regular basis, had been established to promote effective engagement with individual and institutional shareholders, investors and other stakeholders, giving them ready access to balanced and understandable information about the Company and corporate proposals.

The Board strives to encourage and maintain constant dialogue with the shareholders through various means. The Company has established several channels to communicate with the shareholders as follows:

<b>Channel</b>	<b>2025 Highlights</b>
Organisation of internal activities	<p>Over 10 internal events were held, including major celebrations for Lunar New Year, Women's Day, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, New Year's Eve, and company anniversary</p> <p>The Chairman, Vice Chairman and executive Directors joined the celebrations to engage with employee shareholders</p> <p>Enhanced team communication and cohesion and corporate identity, leading to higher morale and engagement while fostering closer communication and engagement within the Group</p>

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Annual general meeting	<p>Annual general meeting was held on 6 June 2025</p> <p>The executive Directors, independent non-executive Directors, company secretary and senior management attended the meeting to meet with shareholders and answer their enquiries directly</p> <p>The Company was able to respond to shareholder concerns in a timely manner, deepening shareholders' and investors' understanding of the business and strategic direction of the Company</p>
Results meetings	<p>Two live-streamed meetings were held to engage with shareholders directly in 2025</p> <p>The executive Directors, company secretary and senior management attended the meetings</p> <p>Covered annual and interim results of the Company</p> <p>Enhanced information transparency and shareholder engagement, fostering long-term and stable relationships with shareholders and investors</p>
Investor meetings	<p>Over 200 face-to-face investor sessions were held</p> <p>25 non-deal roadshows were hosted across Hong Kong and major cities in the Chinese Mainland, including Shanghai, Beijing, and Shenzhen</p> <p>Deepened investors' and shareholders' understanding of the business of the Company, enhancing market recognition of the Company's value</p>
Investor site visits	<p>4 headquarters site visits were organised in 2025</p> <p>Hosted by senior management and the head of Investor Relations, all inquiries were addressed on-site. Any recommendations or suggestions were followed up with concrete actions by our management</p> <p>Bolstered investor trust in the business of the Company and management decisions, enhancing communication transparency and market confidence</p>
Corporate announcements	<p>Announcements regarding annual reports, interim reports, inside information, and notices of meetings were published on the HKEXnews website (<a href="http://www.hkexnews.hk">www.hkexnews.hk</a>) in both Chinese and English for shareholders, investors, and the general public in accordance with the Hong Kong Listing Rules</p>

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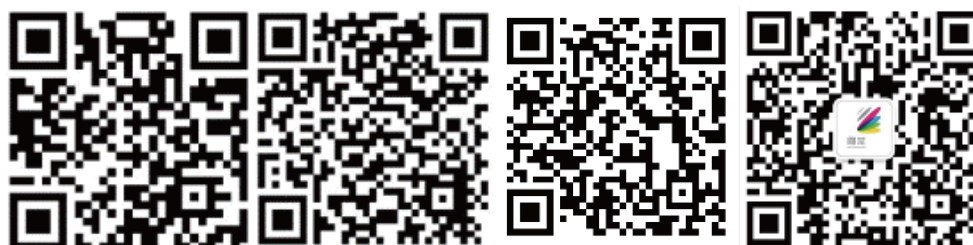
Investor relations website of Netdragon (ir.nd.com.cn)	<p>Provided company information and contact details of Netdragon</p> <p>Provided shareholder and investor relations information, including news updates, results briefings, webcasts and transcripts, latest financial data, and stock information</p> <p>Provided Netdragon’s sustainability policies and systems, corporate governance and sustainability reports, news updates and the ratings by authoritative bodies</p>
Investor communications	<p>Annual and interim reports were provided bilingually in Chinese and English twice a year for shareholders and investors</p> <p>Shareholders and investors were provided timely updates on among others, strategic positioning and business progress of the Company, and recent perspectives from investment bank analysts</p>
Netdragon’s investor relations social media and securities platform accounts	<p>With the aim of strengthening communication with shareholders and investors, the Company has established official Investor relations accounts on 7 social media platforms, including WeChat, WeChat Channels, LinkedIn, Facebook, X, YouTube, and Instagram, to further enhance information transparency and engagement.</p> <p>To further strengthen communication with shareholders and investors, the Company has established official corporate accounts on 10 major securities and investment platforms, including Futubull, Tiger Brokers, Xueqiu, East Money, 10jqka, DZH, Valuable Capital (華盛通), TradeGo Markets, Longbridge, and Moomoo, to assist investors in accessing the latest information of the Company at any time.</p>

Facebook

Linkedin

X

WeChat



These communication channels enable us to listen to the views of shareholders and the investors. A dedicated investor relations email address (ir@netdragon.com) is also available for shareholders to make inquiries and request information.

#### COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS (Cont'd)

The Company has assessed the above communication channels with the Shareholders and considered that the Shareholder Communication Policy is well implemented and effective for the year ended 31 December 2025.

There have been no changes in the constitutional documents of the Company during the year ended 31 December 2025.

The AGM will be held at Boardroom 3-4, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 1 June 2026.