

NetDragon Websoft Holdings Limited (777.HK)

Investor Newsletter July 2024



Stock Information (As of 28 June 2024)

Stock Code	-----	777.HK
Stock Price	-----	HK\$ 11.80
52-Week Stock Price Range	-----	HK\$ 9.80-14.82
Market Cap	-----	HK\$ 6.27 billion
Issued Share Capital	-----	531 million

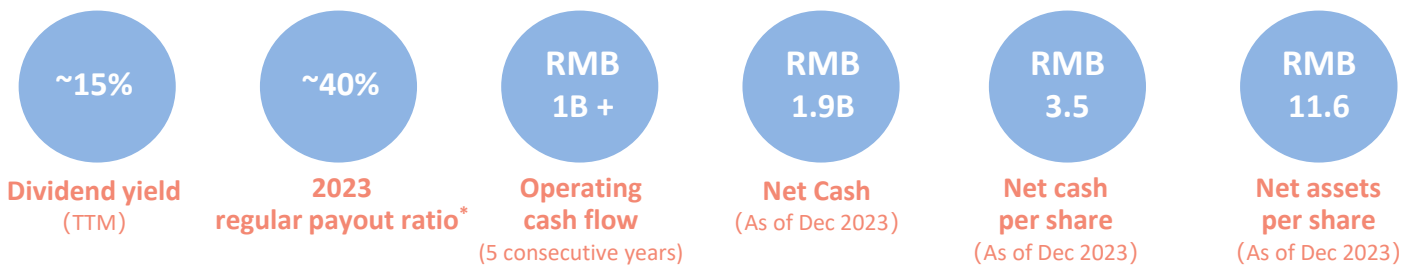
About NetDragon

NetDragon Websoft Holdings Limited (HKSE: 0777) is a global leader in building internet communities, with a long track record of developing and scaling multiple internet and mobile platforms that impact hundreds of millions of users, including previous establishments of China’s first online gaming portal, 17173.com, and China’s most influential smartphone app store platform, 91 Wireless.

Established in 1999, NetDragon is one of the most reputable and well-known online game developers in China with a history of successful game titles including *Eudemons Online*, *Heroes Evolved*, *Conquer Online* and *Under Oath*. In the past 10 years, NetDragon has also achieved success with its online education business both domestically and globally, and its overseas education business entity, currently a U.S.-listed subsidiary named Mynd.ai, is a global leader in interactive technology and its award-winning interactive displays and software can be found in more than 1 million learning and training spaces across 126 countries. For more information, please visit ir.netdragon.com.

Shareholder Returns

A rare case on the HKSE: 16 years long continuous dividend payout



* Based on the non-GAAP profit attributable to owners of the Company for FY2023, and the regular dividend for FY2023 of HK\$0.8 per share



Analyst Reports

Date	Firm	Rating	Target	Analyst Views
May 2024	Hua Chuang Securities	/*	/*	The Hong Kong media and internet sector stands to benefit from a potential reduction in Hong Kong's stock dividend tax. It's recommended to follow companies like NetDragon, which offer high dividends, an attractive valuation and stable growth.
May 2024	China Securities	/*	/*	The regular dividend yield is 6-7%, with a current valuation of 5x P/E. The gaming cash flow remains steady, and core PC game players show strong and sustained spending power.
Apr 2024	CITIC Securities	Buy	HK\$18.0	Gaming remains robust, and overseas education is expected to resume growth.
Apr 2024	Essence Securities	Buy	HK\$16.0	Overall performance remains stable, with solid gaming business and promising prospects in education business.
Apr 2024	CCBI	Buy	HK\$15.5	Solid gaming growth backed by evergreen IPs. Mynd sets sights on market expansion.
Apr 2024	SPDB International	Buy	HK\$15.0	Core game IPs remain stable with a robust pipeline. Expanding into SaaS business with leading position in IFPD market .
Apr 2024	BOC Securities	Buy	/**	Retains leading position in overseas IFPD market and steady growth in gaming business.
Mar 2024	BOCOM International	Buy	HK\$15.0	Eudemons IP demonstrates its ability to achieve long-term operational success. Rollout of overseas SaaS and value panels is expected to drive revenue growth in education.

Education Business



NetDragon won the tender to develop the “National Smart Education Platform Project”

(January 2024) NetDragon's subsidiary Huayu won a tender for the “National Smart Education Platform Project.” Following the success of the “National K12 Smart Education Platform,” this project aims to further advance the development of the “National Smart Education Platform.”



NetDragon forged strategic partnerships to revolutionise education in Saudi Arabia

(March 2024) NetDragon and the Saudi Ministry of Education reached a common ground to work closely together to identify and evaluate innovative education technology solutions to be offered by NetDragon that will elevate the quality and accessibility of education across the country. NetDragon also signed MOUs with the Technical and Vocational Training Corporation, and with the Royal Commission for Jubail and Yanbu.



NetDragon signed a strategic cooperation agreement with Wuhan Vocational College of Communications and Publishing

(April 2024) NetDragon entered into a strategic cooperation agreement with Wuhan Vocational College of Communications and Publishing. Together, two parties will establish a Virtual Reality (VR) application major, co-develop an industry college, and collaborate on the application for a national-level VR digital teaching resource library. Additionally, the partnership aims to promote dual-teacher vocational skills training, co-organize national VR and metaverse-related vocational skills competitions, and host national competitions.



NetDragon's subsidiary Promethean introduced new Explain Everything Whiteboard app

(January 2024) Promethean introduced its innovative new Explain Everything Whiteboard application. The Explain Everything offering will enable the generation of SaaS revenue leveraging Promethean's installed base of 1M+ classrooms and its go-to-market channel with over 4000 distributors/resellers.



Promethean won three Tech & Learning Awards of Excellence for 2023

(February 2024) Promethean's ActivPanel LX interactive display, OPS-A computing module, and Explain Everything Advanced lesson creation and delivery software won these awards on the back of providing exceptional value to teachers and students in classrooms around the world.



Promethean's ActivPanel LX was honored by the "2024 EdTech Breakthrough Awards"

(June 2024) Promethean has been recognized by the “2024 EdTech Breakthrough Awards” for its ActivPanel LX interactive display. Winner of the "Classroom Tech Solution of the Year" award, ActivPanel LX is one of the most flexible, secure, and affordable interactive solutions on the market today.

*Industry report did not include rating or target price

**As required by compliance department, report did not include target price



Gaming Business

Updates for existing titles



Conquer IP:

Consistent content update to ensure steady growth



- On May 14, *Conquer Online* launched the major event update "Primordial Spirit," enhancing existing classes—Archer, Taoist, and Warrior.

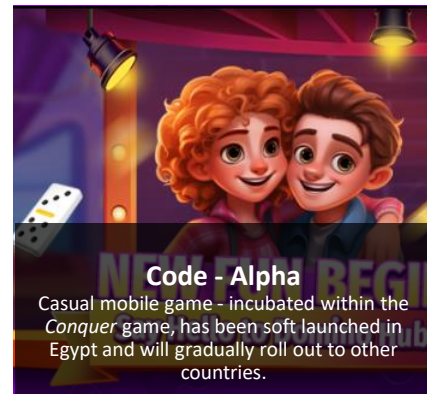
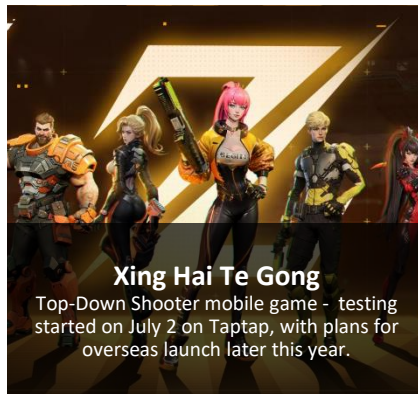
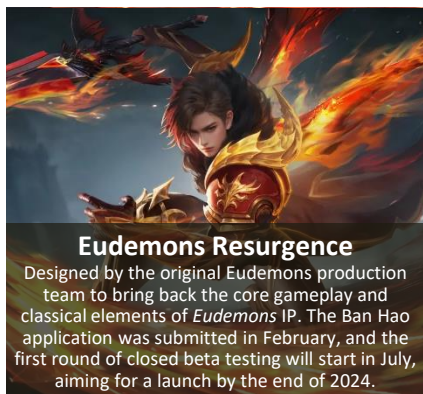
Heroes Evolved IP:

Building on our success in eSports strategy



- In May, we hosted Heroes Evolved Elite Summer League.
- In June, we hosted Heroes Evolved Elite Summer League Mobile.

New Game Pipeline



Additionally, the company has over 10 new games in the pipeline, including *New Eudemons PC*, *Eudemons Mobile 2: Overseas Version*, *Eudemons Pocket Version 2.0*, *Code-Nirvana*, *Heroes Evolved 2.0*, *Under Oath Overseas Version*, *Huan Kong Cheng Zhan Ge*, and *Code-Dragon*. These games are scheduled for release throughout 2024 and 2025.

Outlook

- ◆ Drive revenue growth with focus on quality contents
- ◆ Aiming to launch several new games
- ◆ Expand our genres, including social casual, idle and ACGN games
- ◆ Step up our application of AIGC



ESG News



NetDragon hosted the 7th "Huayu Cup" information technology teaching design competition

(April 2024) NetDragon hosted the 7th "Huayu Cup" primary and secondary school teachers' information technology teaching design competition. As one of China's largest and most inclusive educational events in this field, the "Huayu Cup" aims to elevate teachers' instructional methods and proficiency in utilizing information technology. It serves as a prominent platform for educators nationwide to showcase their achievements in integrating technology into education.



NetDragon reaffirmed as "Cultural Industry Demonstration Bases at National Level"

(April 2024) NetDragon successfully underwent re-evaluation and retained its designation as "Cultural Industry Demonstration Bases at National Level". NetDragon has been recognized since 2006 and is now one of three companies in Fujian Province to achieve re-certification in 2024.



NetDragon's flagship game *Eudemons Online* teamed up with the Jiayuguan Great Wall to launch the "Guarding the Great Wall" charity event

(April 2024) NetDragon's flagship game *Eudemons Online* teamed up with the historic Jiayuguan Great Wall, which boasts over 650 years of history, to launch the "Guarding the Great Wall" charity event. This program aims to raise awareness and promote conservation of this UNESCO World Heritage Site by integrating gaming, cultural tourism and philanthropy.



NetDragon partnered with the Green & Shine Foundation to donate digital educational equipment to rural schools

(June 2024) NetDragon has signed a donation agreement with the Beijing Green & Shine Foundation to provide a batch of digital education equipment through the "Xiaori Chunhui" charity project. This donation is intended to support the development of digital education in rural areas.



UNESCO IITE and NetDragon collaborated to host the "Teaching in the 21st Century Teacher Competition 2.0"

(July 2024) UNESCO IITE and NetDragon collaborated to host the "Teaching in the 21st Century Teacher Competition 2.0" within the E-library for Teachers. This year, the competition will focus on promoting green education, the use of generative AI, the development of creativity, as well as gamification and game-based learning topics.

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