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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

BUSINESS REVIEW AND OUTLOOK

In 2024, global artificial intelligence (AI) technology continued to advance at a rapid pace, with developers achieving remarkable breakthroughs. As AI reshapes industries worldwide, NetDragon Websoft Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) has proactively launched strategic initiatives to harness this wave of change. At the core of our vision is a dual-focus strategy – AI+Gaming and AI+Education – driving us toward “infinite growth”.

In the gaming sector, we have seamlessly integrated cutting-edge AI tools to enhance production efficiency and elevate content quality, while also pioneering the development of “AI-native” games. Our flagship IP *Eudemons* has undergone a series of optimizations, further strengthening ecosystem balance and significantly enhancing the player experience, laying a solid foundation for its sustainable growth. In the education sector, we successfully won the tender to upgrade the “National Smart Education Platform Project” in July, reinforcing our commitment to supporting China’s national strategy of “leveraging AI to transform education”. On the international front, we have partnered with Thailand’s Ministry of Higher Education, Science, Research and Innovation (MHESI) to develop an online AI education platform and offer professional training tailored for university students and the larger youth community. Additionally, our U.S. listed subsidiary, Mynd.ai, took a major step forward in January 2025 with the launch of its next-generation interactive flat panel – ActivPanel 10 and software solutions ActivSuite™. Moving forward, we will focus on scaling SaaS revenue and solidifying Mynd.ai’s position as the global leader in AI-driven classroom technology.

This year, we leveraged advanced AI tools to establish an automated production line (“**AI Content Factory**”) and commenced the development of interactive educational games. By prioritizing interactive experiences and learner-driven engagement, we aim to enable immersive learning, redefine traditional teaching methodologies, and ultimately build an educational metaverse platform.

Our total revenue for 2024 decreased by 14.8% YoY to RMB6.0 billion, as Mynd.ai continued to navigate through industry-wide challenges, along with strategic adjustments in our gaming business. Nevertheless, our profit before tax increased by 19.1% YoY to RMB756 million, driven by higher investment returns, approximately RMB100 million in staff cost savings from continuing operations¹, improved operating efficiency enabled by our AI+ strategy and lower financial costs as we further enhanced our capital structure.

Our net cash increased by 13.3% YoY to RMB2.1 billion with a stable operating cash inflow of RMB1.1 billion, which has laid a solid foundation for the continued advancement of our AI+ strategy and sustained business growth. As a return to our shareholders, the Board of Directors has approved a final dividend of HKD0.50 per ordinary share for 2024, representing a 25.0% increase YoY. We remain committed to maximizing shareholder value and return through offering sustainable dividends and maintaining a high payout ratio. Additionally, we will consider share buybacks based on market conditions to reward our long-term investors.

Gaming and Application Services

In 2024, revenue from our gaming and application services amounted to RMB3.94 billion, representing a decrease of 6.0% YoY. In the second half of 2024, a series of strategic optimizations were implemented for our flagship IP *Eudemons*, in line with our long-term strategy of delivering consistent high-quality gaming experiences. Such optimizations significantly enhanced player experience, drove user growth and engagement, while solidified the foundation for the IP’s long-term sustainability.

Throughout the year, we have continued to refine our “AI + Gaming” strategy, leveraging cutting-edge large language models such as GPT-4, Claude, Qwen, and Coze, while also developing proprietary capabilities based on DeepSeek architecture. We have also deepened the practical deployment of AI services like Midjourney and Hunyuan, integrating them into our production workflows. These efforts have culminated in the creation of an AI Agent Platform and the establishment of a comprehensive AI Content Factory tailored to our in-house development needs. By integrating AI across key areas – including art, programming, game design, testing, and customer service – we have enhanced operational efficiency, with certain game development processes achieving significant productivity gains. As a result, our gaming teams have been able to sharpen their strategic focus and optimize organizational structures, with the potential to effectively reduce our game development costs in 2025. Besides, we have launched our proprietary AI-powered cheat detection system and introduced AI companions, elevating the player experience to new heights. Beyond this, we are pushing the boundaries of AI-native gameplay and content innovation.

¹ Excluding share-based payments expense and redundancy expense

In 2024, our flagship IP *Eudemons* experienced some decline as a result of our proactive optimization measures. However, we remain committed to our high-quality content strategy, which has driven continued growth in user scale and engagement. The overall MAU for *Eudemons* IP increased by 10.1% YoY, with *Eudemon PC-mobile Cross Platform Version* seeing a 37.5% YoY surge in MAU. During the year, we also deepened collaborations with traditional Chinese cultural heritage within *Eudemons* PC game. This included various in-game events featuring the Tongliang Dragon Dance, Nanjing Brocade, and Chaoshan Yingge Dance, which not only enriched the cultural depth of the game but also strengthened the connection with our players. Furthermore, we partnered with Jiayu Pass, Quanzhou Cultural Tourism, and Harbin Cultural Tourism to explore new cross-industry models that blend gaming and cultural tourism. On the mobile front, we refined our marketing strategy and optimized content in alignment with our initiatives in PC games, leading *Eudemons Online Pocket Version* to win industry awards such as the “Players’ Favorite Mobile Game” at the Golden Plume Award.

Our *Heroes Evolved* IP made significant strides in its long-term refined operations and eSports ecosystem. The PC version has achieved revenue growth for two consecutive years, with an 18.3% YoY increase in 2024, driven by the successful enhancement of the IP’s influence through eSports tournaments. Viewership for our summer and winter tournaments increased by 71% and 88%, respectively, compared to the previous tournament, leading to a 5.3% YoY rise in APA.

For our *Conquer* IP, revenue performance in its core market, Egypt, was impacted by fluctuations in the Egyptian pound. However, in local currency terms, *Conquer* overseas version achieved an 8.8% YoY revenue growth in 2024. Moving forward, we aim to attract new player segments through casual gameplay while continuing to cater to MMO players.

In terms of pipeline, the highly-anticipated sequels to our flagship IP are progressing well. *Eudemons Remake Version* is set to launch in 2025, while *Legend of Eudemons* debuted on WeChat Mini Program in early 2025. Additionally, our new MMORPG mobile game, *Miracland Saga (Code-Dragon)*, based on an entirely new IP, is scheduled for release in overseas markets through a publishing partner in 2025.

NetDragon recently signed a term sheet with Beijing Wenge Technology Co., Ltd. (“**Wenge**”) to exclusively collaborate outside mainland China in promoting AI services. Wenge is an AI company incubated by the Institute of Automation at the Chinese Academy of Sciences. Subject to the signing of definite agreement, Wenge will make a strategic investment of RMB75 million in cash and AI assets into NetDragon’s subsidiary Cherrypicks to support its transformation into a global AI services provider. Wenge has independently developed the “Yayi” LLM and three national level datasets, delivering scalable AI services in several fields such as finance and education. Moving forward, we will work together to drive Cherrypicks’ long-term development and advance the adoption of “Yayi” and other cutting-edge AI technologies in Hong Kong and overseas markets.

Our gaming and application services business remains the cornerstone of our AI+Gaming and AI+Education strategy. Looking forward, we will continue to embrace our motto of “infinite growth”, further integrating advanced AI tools across all operations. We are committed to building a fully operational AI Content Factory. Meanwhile, we will actively explore next-generation frontiers such as “AI-native” games and “interactive educational games”, capturing additional revenue streams brought by AI while continuing to enhance our efficiency in the new AI-era.

Mynd.ai

2024 marked our overseas education subsidiary Mynd.ai's first full year as a public company. Completing the sale of our non-strategic early childhood development business unit in October 2024, paying down debt, optimizing our cost structure, and initiating a share repurchase program were meaningful steps towards strengthening our company. Despite a number of industry-wide challenges in the education sector stemming from inflation, threat of tariffs and uncertainty around Federal funding for education, we were able to capitalize on our brand loyalty, significant install base of over one million classrooms and strong distributor and partner network to maintain our strong market presence.

The key financial highlights for Mynd.ai in 2024 are as follows:

- Revenue of RMB2.1 billion for the full year, compared to RMB2.9 billion in the prior year with the decrease primarily driven by the headwinds in the global education market due to budget uncertainties in the US because of the new government, and economic conditions in Europe because of wars in Ukraine, Russia and the Middle East
- Gross Margin improved 1.0 percentage points versus 2023 to 26.0%, largely due to optimization of cost of materials, warranty, and freight costs
- Adjusted EBITDA loss totaled of RMB172 million, compared to RMB78 million
- Cash balance at year-end of RMB541 million, compared to RMB650 million in 2023
- Reduced outstanding indebtedness at year-end by RMB148 million
- Repurchased 151,923 American Depositary Shares, representing 1,519,230 ordinary shares, pursuant to our share repurchase program

Our financial performance in 2024 reflects our commitment to improving operational efficiency to help combat significant industry headwinds impacting our interactive flat panel display business. Year over year, we made improvements in our gross margin. Although we expect economic headwinds to continue during 2025, we are actively responding by continuing to optimize our operating cost structure, enhancing our go-to-market strategy and expanding our portfolio of product offerings. We are excited about the warm reception that our recently launched ActivPanel 10 and its modular infrastructure have received, and believe that the freedom of choice, simplicity, and adaptability that it provides to our customers will better position Mynd.ai to more effectively compete in the market.

Fiscal Year 2024 Financial Highlights

- Revenue was RMB6.0 billion, representing a 14.8% decrease YoY.
- Revenue from gaming and application services was RMB3.9 billion, representing 65.1% of the Group's total revenue and a 6.0% decrease YoY.
- Revenue from Mynd.ai business was RMB2.1 billion, representing 34.8% of the Group's total revenue and a 27.6% decrease YoY.
- Gross profit was RMB3.9 billion, representing a 10.4% decrease YoY.
- Core segmental profit¹ from the gaming and application services was RMB925 million, representing a 33.9% decrease YoY.
- Core segmental loss¹ from Mynd.ai business was RMB297 million, compared to a loss of RMB93 million in 2023.
- EBITDA was RMB1.4 billion, representing a 7.1% increase YoY.
- Operating profit was RMB745 million, representing a 9.3% decrease YoY.
- Profit before tax was RMB756 million, representing a 19.1% increase YoY.
- Profit attributable to owners of the Company was RMB311 million including an one-time non-cash deferred tax expense in Mynd.ai of RMB335 million, representing a 43.5% decrease YoY from RMB550 million in 2023.
- Operating cashflow was RMB1.1 billion, representing a 5.7% decrease YoY.
- The Company declared a final dividend of HKD0.50 per ordinary share (2023: HKD0.40 per ordinary share), subject to approval at the coming annual general meeting.

Segmental Financial Highlights

(RMB million)	FY2024		FY2023		Variance	
	Gaming and application services	Mynd.ai business	Gaming and application services	Mynd.ai business	Gaming and application services	Mynd.ai business
Revenue	3,938	2,106	4,189	2,910	-6.0%	-27.6%
Gross profit	3,399	547	3,708	728	-8.3%	-24.9%
Gross margin	86.3%	26.0%	88.5%	25.0%	-2.2%	1.0%
Core segmental profit (loss) ¹	925	(297)	1,399	(93)	-33.9%	219.4%
Segmental operating expenses ²						
– Research and development	(1,227)	(202)	(1,186)	(196)	3.5%	3.1%
– Selling and marketing	(488)	(266)	(463)	(327)	5.4%	-18.7%
– Administrative	(705)	(362)	(649)	(267)	8.6%	35.6%

Note 1: Core segmental profit (loss) figures are derived from the Company's reported segmental profit (loss) figures (presented in accordance with HKFRS 8), but exclude non-core/operating, non-recurring or unallocated items including government grants, intercompany finance costs, impairment loss (net of reversal), write off of intangible assets, reversal of impairment loss of intangible assets, write-down of inventories, fair value change and exchange gain on financial assets at fair value through profit or loss, fair value change and exchange loss on derivative financial instruments, interest expense, exchange loss and redemption loss on convertible and exchangeable bonds, gain on disposal of subsidiaries, fair value loss on investment properties, waiver of other payables, underprovision of tariff expenses in previous years and redundancy payments.

Note 2: Segmental operating expenses exclude unallocated expenses/income such as directors' fee and salaries, amortisation and exchange difference that have been grouped into SG&A categories on the Company's reported consolidated financial statements, but cannot be allocated to specific business segments for purpose of calculating the segmental profit (loss) figures in accordance with HKFRS 8.

RESULTS

The board of directors of the Company announced the audited consolidated financial results of the Group for the year ended 31 December 2024 together with the comparative figures in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>NOTES</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	4	6,047	7,101
Cost of revenue		<u>(2,105)</u>	<u>(2,703)</u>
Gross profit		3,942	4,398
Other income and gains		398	264
Impairment loss under expected credit loss model, net of reversal		2	(3)
Selling and marketing expenses		(758)	(807)
Administrative expenses		(1,164)	(1,199)
Research and development costs		(1,429)	(1,382)
Other expenses and losses		(249)	(446)
Share of results of associates and joint ventures		<u>3</u>	<u>(4)</u>
Operating profit		745	821
Interest income on pledged bank deposits		13	–
Exchange gain (loss) on pledged bank deposits, financial assets at fair value through profit or loss, convertible and exchangeable bonds and derivative financial instruments		5	(21)
Fair value change on financial assets at fair value through profit or loss		67	75
Fair value change on derivative financial instruments		87	28
Finance costs		<u>(161)</u>	<u>(268)</u>
Profit before taxation		756	635
Taxation	5	<u>(642)</u>	<u>(188)</u>
Profit for the year		<u>114</u>	<u>447</u>

	2024	2023
<i>NOTE</i>	<i>RMB million</i>	<i>RMB million</i>
Other comprehensive (expense) income for the year, net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	26	43
Reclassification of cumulative translation reserve upon disposal of a foreign operation	(6)	–
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at fair value through other comprehensive income	<u>(26)</u>	<u>(22)</u>
Other comprehensive (expense) income for the year	<u>(6)</u>	<u>21</u>
Total comprehensive income for the year	<u>108</u>	<u>468</u>
Profit (loss) for the year attributable to:		
– Owners of the Company	311	550
– Non-controlling interests	<u>(197)</u>	<u>(103)</u>
	<u>114</u>	<u>447</u>
Total comprehensive income (expense) for the year attributable to:		
– Owners of the Company	301	570
– Non-controlling interests	<u>(193)</u>	<u>(102)</u>
	<u>108</u>	<u>468</u>
	<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	7	
– Basic	58.60	103.00
– Diluted	<u>58.60</u>	<u>103.00</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024**

	2024	2023
	<i>NOTE</i> RMB million	<i>RMB million</i> (Restated)
Non-current assets		
Property, plant and equipment	2,315	2,422
Right-of-use assets	394	380
Investment properties	50	60
Goodwill	312	325
Intangible assets	784	868
Interests in associates and joint ventures	50	43
Equity instruments at fair value through other comprehensive income	8	45
Financial assets at fair value through profit or loss	516	453
Loan receivables	29	12
Other receivables, prepayments and deposits	288	351
Deferred tax assets	–	433
	4,746	5,392
Current assets		
Properties under development	70	70
Properties for sale	272	280
Inventories	238	405
Financial assets at fair value through profit or loss	191	38
Loan receivables	125	79
Trade receivables	454	702
Bills receivables	1	–
Other receivables, prepayments and deposits	469	492
Tax recoverable	39	39
Pledged bank deposits	1,114	315
Bank deposits with original maturity over three months	215	329
Cash and cash equivalents	2,498	2,241
	5,686	4,990

		2024	2023
	<i>NOTES</i>	<i>RMB million</i>	<i>RMB million</i> (Restated)
Current liabilities			
Trade and other payables	9	1,284	1,518
Contract liabilities		454	491
Lease liabilities		58	76
Provisions		113	127
Derivative financial instruments		21	107
Bank borrowings	10	1,729	1,033
Convertible and exchangeable bonds		295	256
Convertible note		396	357
Tax payable		64	80
		<u>4,414</u>	<u>4,045</u>
Net current assets		<u>1,272</u>	<u>945</u>
Total assets less current liabilities		<u>6,018</u>	<u>6,337</u>
Non-current liabilities			
Other payables	9	5	37
Lease liabilities		71	45
Bank borrowings	10	–	1
Deferred tax liabilities		76	80
		<u>152</u>	<u>163</u>
Net assets		<u><u>5,866</u></u>	<u><u>6,174</u></u>
Capital and reserves			
Share capital		39	39
Share premium and reserves		5,788	5,856
Equity attributable to owners of the Company		5,827	5,895
Non-controlling interests		39	279
		<u><u>5,866</u></u>	<u><u>6,174</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
NET CASH FROM OPERATING ACTIVITIES	1,052	1,115
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(166)	(278)
Purchase of intangible assets	(595)	(344)
Placement of bank deposits with original maturity over three months	(219)	(622)
Withdrawal of bank deposits with original maturity over three months	333	500
Investments in associates and joint ventures	(5)	(14)
Advance to a joint venture	—	(2)
Cash inflow on acquisition of operation through business combination	—	28
Net cash inflow on disposal of subsidiaries	101	—
Placement of pledged bank deposits	(1,106)	(313)
Withdrawal of pledged bank deposits	307	—
Interest received	68	62
Repayment of loan receivables	20	1
Proceeds from disposal of property, plant and equipment	3	2
Proceeds from disposal of intangible assets	588	234
Proceeds from disposal of right-of-use assets	2	—
Purchase of financial assets at fair value through profit or loss	(3,013)	(11,199)
Proceeds from disposal of financial assets at fair value through profit or loss	2,928	11,171
Purchase of equity instruments at fair value through other comprehensive income	—	(10)
Advance of loan receivables	(125)	(130)
Disposal of partial interest to a non-controlling interest	4	—
Net cash outflow on deregistration of a subsidiary	—	(1)
NET CASH USED IN INVESTING ACTIVITIES	(875)	(915)

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
FINANCING ACTIVITIES		
New bank borrowings raised	1,790	1,150
Proceeds from shares issued upon exercise of share options	—	5
Redemption of convertible and exchangeable bonds	—	(903)
Repayment of bank borrowings	(1,098)	(861)
Dividends paid	(453)	(877)
Repayment of lease liabilities	(99)	(76)
Payment for repurchase and cancellation of shares	—	(134)
Acquisition of additional equity interests from non-controlling interests of subsidiaries	(10)	—
Contribution from non-controlling interests of a subsidiary	—	1
	<hr/>	<hr/>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	130	(1,695)
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	307	(1,495)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,241	3,701
	<hr/>	<hr/>
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(50)	35
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	2,498	2,241
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate and ultimate holding company is DJM Holding Ltd. and its controlling shareholders are Dr. Liu Dejian and Mr. Liu Luyuan. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Units 2001-05 & 11, 20/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are engaged in (i) gaming and application services, (ii) Mynd.ai business (as defined below) and (iii) property development business.

Mynd.ai, Inc. (“Mynd.ai”, formerly known as Gravitas Education Holdings, Inc.), whose shares are listed on The American Stock Exchange, becomes an indirect non-wholly owned subsidiary of the Company upon completion of a series of transactions in 2023. Mynd.ai operates the Group’s overseas education business, which is known as the “Mynd.ai business”.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation” (“HKAS 32”).

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year has the following impacts on convertible instruments with conversion options not meeting “fixed for fixed criterion”.

The Group’s outstanding convertible instruments, comprising convertible and exchangeable bonds and convertible note, include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The host debt component is measured at amortised cost and derivative component (including the conversion options) is measured at fair value. Upon the application of the 2020 Amendments, given that the conversion options are exercisable by the holders anytime, the host liability and the derivative component as at 1 January and 31 December 2023 are reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group’s other liabilities. The change in accounting policy does not have impact to the Group’s profit or loss or earnings per share for the current and prior years presented.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” and the HKFRS 18 “Presentation and Disclosure in Financial Statements” which are expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

Types of goods and services

	For the year ended 31 December 2024			
	Gaming and application services	Mynd.ai business	Property development	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue from sales of pre-paid game cards for online and mobile games	3,425	–	–	3,425
Sales of education equipment and related goods	242	1,773	–	2,015
Revenue from educational services	193	333	–	526
Revenue from provision of mobile solution, products and marketing services	78	–	–	78
Revenue from property development	–	–	3	3
	3,938	2,106	3	6,047

	For the year ended 31 December 2023			
	Gaming and application services <i>RMB million</i>	Mynd.ai business <i>RMB million</i>	Property development <i>RMB million</i>	Total <i>RMB million</i>
Revenue from sales of pre-paid game cards for online and mobile games	3,759	–	–	3,759
Sales of education equipment and related goods	199	2,837	–	3,036
Revenue from educational services	150	73	–	223
Revenue from provision of mobile solution, products and marketing services	81	–	–	81
Revenue from property development	–	–	2	2
	<u>4,189</u>	<u>2,910</u>	<u>2</u>	<u>7,101</u>

Segment information

Information reported to the Group's chief operating decision makers ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, was based on the geographical locations of the customers.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" in the current year are as follows:

- Gaming and application services: Internet and technology-enabled services, including gaming and software and related or ancillary services;
- Mynd.ai business: Overseas education business; and
- Property development.

The following is an analysis of the Group's revenue and results by reportable segments:

	For the year ended 31 December 2024			
	Gaming and application services <i>RMB million</i>	Mynd.ai business <i>RMB million</i>	Property development <i>RMB million</i>	Total <i>RMB million</i>
Segment revenue	<u>3,938</u>	<u>2,106</u>	<u>3</u>	<u>6,047</u>
Segment profit (loss) (Note)	<u>863</u>	<u>(279)</u>	<u>(8)</u>	<u>576</u>
Unallocated other income and gains				257
Unallocated corporate expenses and losses				<u>(77)</u>
Profit before taxation				<u>756</u>

For the year ended 31 December 2023

	Gaming and application services <i>RMB million</i>	Mynd.ai business <i>RMB million</i>	Property development <i>RMB million</i>	Total <i>RMB million</i>
Segment revenue	<u>4,189</u>	<u>2,910</u>	<u>2</u>	<u>7,101</u>
Segment profit (loss)	<u>1,061</u>	<u>(315)</u>	<u>(59)</u>	687
Unallocated other income and gains				166
Unallocated corporate expenses and losses				<u>(218)</u>
Profit before taxation				<u>635</u>

Note: During the year ended 31 December 2024, an amount of RMB47 million was adjusted to administrative expenses of the Mynd.ai business in the current year for underprovision of tariff expenses in respect of previous years.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment profit (loss) represents the profit earned by or loss incurred from each segment without allocation of unallocated other income and gains and corporate expenses and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

The following is an analysis of the Group's assets by reportable and operating segments:

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Gaming and application services	6,340	5,555
Mynd.ai business	1,932	3,052
Property development	<u>757</u>	<u>725</u>
Total segment assets	9,029	9,332
Unallocated	<u>1,403</u>	<u>1,050</u>
	<u>10,432</u>	<u>10,382</u>

For the purposes of monitoring segment performance and allocating resources, all assets are allocated to operating segments other than those assets managed on group basis, such as certain financial assets at FVTPL, certain loan receivables, certain intangible assets, certain pledged bank deposits, certain other receivables, prepayments and deposits and certain cash and cash equivalents. No analysis of the Group's liabilities by operating segments is disclosed as they are not regularly provided to the CODM for review.

5. TAXATION

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
The tax charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	54	47
– Underprovision in prior years	1	–
	<u>55</u>	<u>47</u>
PRC Enterprise Income Tax		
– Current year	133	217
– Withholding tax	1	–
– Overprovision in prior years	(7)	(3)
	<u>127</u>	<u>214</u>
Taxation in other jurisdictions		
– Current year	4	4
– Underprovision in prior years	5	6
	<u>9</u>	<u>10</u>
Deferred taxation		
– Current year	451	(83)
	<u>642</u>	<u>188</u>

6. DIVIDENDS

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Dividends recognised as distribution during the year:		
2023 Final – Hong Kong dollar (“HKD”) 0.40 (2023: 2022 Final – HKD0.40) per share	193	191
2023 Second special interim – distribution in specie (2024: Nil)	–	66
2023 Special interim – HKD1.0 (2024: Nil) per share	–	490
2024 Interim – HKD0.40 (2023: 2023 Interim – HKD0.40) per share	194	196
	<u>387</u>	<u>943</u>

The 2024 final dividend of HKD0.50 (2023: HKD0.40) per share which has been proposed by the directors in the board meeting on 26 March 2025 and is subject to approval by the shareholders in the forthcoming annual general meeting, amounted to approximately RMB246 million.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Earnings for the purpose of basic and diluted earnings per share:		
– Profit for the year attributable to the owners of the Company	<u>311</u>	<u>550</u>
	Number of shares	
	2024 '000	2023 '000
Weighted average number of shares in issue during the year for the purpose of basic earnings per share and diluted earnings per share (after adjusted for the effect of unvested and treasury shares held under share award scheme)	<u>531,074</u>	<u>534,135</u>

8. TRADE RECEIVABLES

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Trade receivables	481	743
Less: Allowance of credit losses	<u>(27)</u>	<u>(41)</u>
	<u>454</u>	<u>702</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB654 million.

The Group generally allows a credit period ranging from 30 days to 60 days to its distribution and payment channels/trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods/date of rendering of services which approximated the respective revenue recognition dates.

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Trade debtors		
0 – 30 days	224	375
31 – 60 days	52	135
61 – 90 days	26	87
Over 90 days	<u>152</u>	<u>105</u>
	<u>454</u>	<u>702</u>

9. TRADE AND OTHER PAYABLES

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Trade payables	382	499
Accrued staff costs	324	361
Deferred income	9	14
Other tax payables	31	45
Payables for purchase of property, plant and equipment	166	194
Consideration payables	3	19
Accrued expenses	137	56
Dividend payable	–	66
Others	237	301
	<u>1,289</u>	<u>1,555</u>
Analysed for financial reporting purpose:		
Non-current	5	37
Current	<u>1,284</u>	<u>1,518</u>
	<u>1,289</u>	<u>1,555</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
0 – 90 days	171	223
91 – 180 days	142	216
181 – 365 days	23	31
Over 365 days	46	29
	<u>382</u>	<u>499</u>

10. BANK BORROWINGS

The carrying amounts of the bank borrowings are repayable based on scheduled repayment dates as follows:

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Within one year	1,729	1,033
Within a period of more than one year but not exceeding two years	<u>–</u>	<u>1</u>
	1,729	1,034
Less: Amounts due within one year shown under current liabilities	<u>(1,729)</u>	<u>(1,033)</u>
Amounts shown under non-current liabilities	<u><u>–</u></u>	<u><u>1</u></u>

The exposure of the Group's bank borrowings is as follows:

	2024 <i>RMB million</i>	2023 <i>RMB million</i>
Variable-rate borrowings	128	272
Fixed-rate borrowings	<u>1,601</u>	<u>762</u>
	<u><u>1,729</u></u>	<u><u>1,034</u></u>
Secured	1,718	1,032
Unsecured	<u>11</u>	<u>2</u>
	<u><u>1,729</u></u>	<u><u>1,034</u></u>

As at 31 December 2024 and 2023, the borrowings were secured by pledge of certain properties, right-of-use assets and pledged bank deposits of the Group, corporate guarantee provided by the Company and corporate guarantee provided by its subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2024, the Group had pledged bank deposits, bank deposits with original maturity over three months and cash and cash equivalents of approximately RMB3,827 million (31 December 2023: RMB2,885 million). The gearing ratio (consolidated bank borrowings/consolidated total equity) was 0.29 (31 December 2023: 0.17). As at 31 December 2024, total bank borrowings of the Group amounted to approximately RMB1,729 million (31 December 2023: RMB1,034 million) which included variable-rate loan of RMB128 million (31 December 2023: RMB272 million) and fixed-rate loan of RMB1,601 million (31 December 2023: RMB762 million). The bank borrowings of RMB1,718 million (31 December 2023: RMB1,032 million) were secured by pledge of certain properties, right-of-use assets and pledged bank deposits of the Group, corporate guarantee provided by the Company and its subsidiaries, the remaining bank borrowings of RMB11 million (31 December 2023: RMB2 million) were unsecured.

As at 31 December 2024, the Group had net current assets of approximately RMB1,272 million as compared with approximately RMB945 million as at 31 December 2023.

STAFF INFORMATION

For the year under review, the breakdown of the number of employees of the Group is set out below:

	At 31 December 2024	At 30 June 2024 (Restated)	At 31 December 2023 (Restated)
Research and development	2,505	3,165	3,021
Selling and marketing	669	772	817
Accounting, finance and general administration	856	907	882
Production	563	1,279	1,264
Total	<u>4,593</u>	<u>6,123</u>	<u>5,984</u>

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Name of Company	Capacity and nature of interests	Number of shares and underlying shares held or amount of registered capital contributed (Note 1)	Approximate percentage of shareholding
Liu Dejian (Note 2)	The Company	Beneficial owner, through a controlled corporation and beneficiary of a trust	216,384,938 (L)	40.73%
Leung Lim Kin, Simon (Note 3)	The Company	Beneficial owner	5,779,040 (L)	1.09%
Liu Luyuan (Note 2)	The Company	Beneficial owner and beneficiary of certain trust	216,384,938 (L)	40.73%
Liu Luyuan	NetDragon (Fujian)	Beneficial owner	RMB21,311,000 (L)	0.07%
Chen Hongzhan (Note 4)	The Company	Beneficial owner and beneficiary of certain trust	11,197,019 (L)	2.11%
Lee Kwan Hung, Eddie (Note 5)	The Company	Beneficial owner	550,019 (L)	0.10%
Liu Sai Keung, Thomas (Note 6)	The Company	Beneficial owner	500,019 (L)	0.09%
Li Sing Chung Matthias (Note 7)	The Company	Beneficial owner	2,000 (L)	0.0004%
Lin Yun (Note 8)	The Company	Beneficial owner	1,211,100 (L)	0.23%

Notes:

1. The letter “L” denotes the shareholder’s long position in the shares, underlying shares and share capital of the relevant member of the Group.
2. Liu Dejian is interested in 100.00% of the issued voting shares of DJM Holding Ltd., which in turn is interested in 35.97% of the issued voting shares of the Company (the “Share(s)”). Liu Dejian is also interested in 0.39% of the Shares which is represented by beneficial interest of 1,884,000 Shares and a beneficiary of a trust of 197,019 Shares.

Liu Luyuan is interested in 4.37% of the Shares which is represented by interest held as a founder of certain trust holding in aggregate 21,541,819 Shares, and the rest being beneficial interest of 1,684,000 Shares.

Pursuant to the concert party agreement between Liu Dejian and Liu Luyuan, Liu Dejian and Liu Luyuan are deemed to be interested in 40.73% of the Shares through their direct and deemed shareholding in all of DJM Holding Ltd., a trust in favour of Liu Luyuan, a trust in favour of Liu Dejian and their respective shares held as beneficial owner in each of their personal capacities.

3. Leung Lim Kin, Simon is interested in 1.09% of the Shares which is represented by beneficial interest of 1,779,040 Shares and the rest being the underlying shares of interest of 4,000,000 share options granted by the Company.
4. Chen Hongzhan is interested in 2.11% of the Shares which is represented by personal interest of 156,200 Shares and interest held as a beneficiary of certain trust holding in aggregate of 11,040,819 Shares.
5. Lee Kwan Hung, Eddie is interested in 0.10% of the Shares which is represented by personal interest of 350,019 Shares and the rest being underlying shares of interest of 200,000 share options granted by the Company.
6. Liu Sai Keung, Thomas is interested in 0.09% of the Shares which is represented by personal interest of 300,019 Shares and the rest being underlying shares of interest of 200,000 share options granted by the Company.
7. Li Sing Chung Matthias is interested in 0.0004% of the Shares which is represented by personal interest of 2,000 Shares.
8. Lin Yun is interested in 0.23% of the Shares which is represented by personal interest of 1,211,100 Shares.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2024, none of the Directors and chief executive of the Company had any interest and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, as at 31 December 2024, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were required to be entered in the register kept by the Company under Section 336 of the SFO or, who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Name of Company	Capacity and nature of interests	Number of shares and underlying shares held or amount of registered capital contributed <i>(Note 1)</i>	Approximate percentage of shareholding
DJM Holding Ltd.	The Company	Beneficial owner	191,078,100 (L)	35.97%
IDG Group <i>(Note 2)</i>	The Company	Beneficial owner	34,504,320 (L)	6.49%
Ho Chi Sing <i>(Note 2)</i>	The Company	Through controlled corporations	34,504,320 (L)	6.49%
Zhou Quan <i>(Note 2)</i>	The Company	Through controlled corporations	32,808,018 (L)	6.18%
Zheng Hui (deceased) <i>(Note 3)</i>	The Company	Beneficial owner and through controlled corporations	34,437,519 (L)	6.48%

Notes:

1. The letter “L” denotes the shareholder’s long position in the share capital of the relevant member of the Group.
2. The IDG Group is comprised of four limited partnerships, namely IDG Technology Venture Investments, L.P., IDG-Accel China Growth Fund L.P., IDG-Accel China Growth Fund-A L.P. and IDG-Accel China Investors L.P., being interested in approximately 2.05%, 3.43%, 0.70% and 0.32% respectively, in the Company who are deemed to be acting in concert to acquire interests in the Company, and their respective controlling entities. The controlling structure of each of the above partnerships is as follows:
 - a) IDG Technology Venture Investments, L.P. is controlled by its sole general partner, IDG Technology Venture Investments, LLC, which in turn is controlled by its managing members, Zhou Quan and Ho Chi Sing.
 - b) IDG-Accel China Growth Fund L.P. and IDG-Accel China Growth Fund-A L.P. are controlled by their sole general partner, IDG-Accel China Growth Fund Associates L.P., which in turn is controlled by its sole general partner, IDG-Accel China Growth Fund GP Associates Ltd.. IDG-Accel China Growth Fund GP Associates Ltd. is held as to 35.00% by each of Zhou Quan and Ho Chi Sing.
 - c) IDG-Accel China Investors L.P. is controlled by its sole general partner, IDG-Accel China Investors Associates Ltd., which in turn is held as to 100.00% by Ho Chi Sing.
3. Reference is made to the announcement of the Company dated 9 June 2023 in relation to the passing away of Zheng Hui, a former executive Director.

Zheng Hui (deceased) was interested in 100.00% of the issued share capital of Fitter Property Inc., which in turn was interested in 3.58% of the Shares. Zheng Hui was interested in 100.00% of the issued share capital of Eagle World International Inc., which in turn was interested in 2.62% of the Shares. Zheng Hui was also interested in 0.28% of the Shares which was represented by beneficial interest of 1,497,000 Shares. Zheng Hui’s interests are now undergoing probate.

Save as disclosed above, the Directors are not aware of any persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were required to be entered in the register kept by the Company under Section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at 31 December 2024.

SHARE SCHEMES

At the annual general meeting of the Company held on 6 June 2024, the shareholders of the Company approved the adoption the 2024 share option scheme (the “2024 Share Option Scheme”) and the 2024 share award scheme (the “2024 Share Award Scheme”) (together, the “Existing Share Schemes”). Further details of the Existing Share Schemes are set out in the circular of the Company dated 24 April 2024.

As at the date of adoption of the Existing Share Schemes and as at 31 December 2024, no share options and awarded shares were granted under the Existing Share Schemes, the total number of share options and awarded shares available for grant under the Existing Share Schemes shall not exceed 53,126,253, representing 10% of the Shares of the Company, the total number of share options and awarded shares available for grant to the service providers (as defined under the Existing Share Schemes) under the Existing Share Schemes shall not exceed 5,312,625, representing 1% of the Shares of the Company.

Details of share option schemes and share award scheme of the Company are set out below.

Share Option Scheme

The Company adopted the 2024 Share Option Scheme on 6 June 2024 to replace its previous share option scheme. The share option schemes adopted by the Company on 24 May 2018 (the “2018 Share Option Scheme”) and 12 June 2008 (the “2008 Share Option Scheme”) were terminated on 6 June 2024 and 24 May 2018 respectively. The outstanding share options granted under the 2018 Share Option Scheme and the 2008 Share Option Scheme shall remain valid and exercisable according to the terms of the schemes.

The 2024 Share Option Scheme was adopted for the purpose to enable the Company to grant share options to eligible participants (being the employee of the Company or any related entities, and the services providers) as incentives or rewards for their contribution or potential contribution to the Group. Unless early terminated by the Board, the 2024 Share Option Scheme shall be valid and effective for a term of ten years commencing on 6 June 2024.

As at 31 December 2024, no share options were granted under the 2024 Share Option Scheme. No share options were granted under the 2018 Share Option Scheme as at the date of its termination. Details of the movements of the outstanding share options under the 2008 Share Option Scheme and the 2018 Share Option Scheme during the year ended 31 December 2024 are as follows:

2008 Share Option Scheme

Grantee	Date of grant	Exercise Price <i>HKD</i>	As at	Number of share options			As at	
			1 January 2024	Granted	Exercised	Cancelled	Lapsed	31 December 2024
Independent non-executive Directors								
Lee Kwan Hung, Eddie	31.03.2017	23.65	100,000	-	-	-	-	100,000
Liu Sai Keung, Thomas	31.03.2017	23.65	100,000	-	-	-	-	100,000
Others								
Employees	31.03.2017	23.65	100,000	-	-	-	-	100,000
Total			<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>

2018 Share Option Scheme

Grantee	Date of grant	Exercise Price HKD	As at	Number of share options			As at	
			1 January 2024	Granted	Exercised	Cancelled	Lapsed	31 December 2024
Executive Director								
Leung Lim Kin, Simon	24.01.2020	21.07	4,000,000	-	-	-	-	4,000,000
Independent non-executive Directors								
Lee Kwan Hung, Eddie	24.01.2020	21.07	100,000	-	-	-	-	100,000
Liu Sai Keung, Thomas	24.01.2020	21.07	100,000	-	-	-	-	100,000
Others								
Employees	24.01.2020	21.07	1,100,000	-	-	-	-	1,100,000
Total			<u>5,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,300,000</u>

Notes:

Note 1: Share options granted on 31 March 2017 were vested from 31 March 2018 to 31 March 2020, 25% of which were vested on the first anniversary of the date of grant, 25% were vested on the second anniversary of the date of grant, and 50% were vested on the third anniversary of the date of grant. The share options are exercisable from the relevant vesting dates until 30 March 2027.

Note 2: Share options granted on 24 January 2020 to the independent non-executive Directors were vested from 24 January 2021 to 24 January 2023, with one-third of the share options vested on the first, second and third anniversary of the date of grant. The remaining share options granted to grantees on 24 January 2020 were vested from 24 January 2021 to 24 January 2024, with 25% of the share options vested on each anniversary of the date of grant. All share options granted on 24 January 2020 are exercisable from the relevant vesting dates until 23 January 2030.

Share Award Scheme

The Company adopted the 2024 Share Award Scheme on 6 June 2024 to replace the share award scheme that was adopted on 2 September 2008 and extended on 31 August 2018 (the “2008 Share Award Scheme”). The Board may, at their discretion, select any eligible participant (being the employee of the Company or any related entities, and the services providers) for participation in the 2024 Share Award Scheme. Unless early terminated by the Board, the 2024 Share Award Scheme shall be valid and effective for a term of ten years commencing on 6 June 2024.

Pursuant to the rules of the 2024 Share Award Scheme, the Group has signed an agreement with Bank of Communications Trustee Limited (the “Trustee”), for the purpose of administering the 2024 Share Award Scheme and holding the awarded shares before they are vested.

The awarded shares, will be transferred to the selected participants at nil consideration, subject to receipt by the Trustee of (i) transfer documents duly signed by the Trustee and the selected participants within the period stipulated in the vesting notice issued by the Trustee to the selected participants; and (ii) a confirmation letter from the Company that all vesting conditions having been fulfilled.

Subject to the acceptance by the relevant selected participants, such transferred awarded shares may be held by the selected participants in their own names or such nominees, including any trustees, as designated by the selected participants.

As at 31 December 2024, no awarded shares were granted under the 2024 Share Award Scheme. No awarded shares were granted under the 2008 Share Award Scheme as at the date of its termination.

ISSUE OF SECURED CONVERTIBLE AND EXCHANGEABLE BONDS BY BEST ASSISTANT AND ISSUE OF UNLISTED WARRANT UNDER SPECIFIC MANDATE

On 10 November 2019, the Company, Best Assistant Education Online Limited (“Best Assistant”), NetDragon Websoft Inc. (“NetDragon BVI”), Digital Train Limited (“Digital Train”), Promethean World Limited, Nurture Education (Cayman) Limited (the “Investor”), Madison Pacific Trust Limited as the agent and the security agent entered into the bond and warrant purchase agreement (the “Purchase Agreement”), pursuant to which (i) Best Assistant agreed to issue to the Investor and the Investor agreed to purchase the convertible and exchangeable bonds (the “Convertible and Exchangeable Bonds”) in the aggregate principal amount of USD150 million (equivalent to approximately HKD1,174.5 million); and (ii) simultaneously with the issue of the Convertible and Exchangeable Bonds, the Company would issue to the Investor the unlisted warrants. The issue of Convertible and Exchangeable Bonds and the Warrants to the Investor is a strategic collaboration with the Investor, an institutional investor with extensive experience and active investments in the Greater China education sector.

Closing of the Purchase Agreement took place on 9 March 2020, and Best Assistant has issued to the Investor, Convertible and Exchangeable Bonds which can be converted to 279,510,479 ordinary shares of Best Assistant, representing 11.16% of the total outstanding share capital of Best Assistant on a fully diluted and as-converted basis, and the Company has issued the unlisted warrant to the Investor which can be converted to 11,502,220 warrant shares of the Company (the “Unlisted Warrant”). As a result of the payment of the Company’s dividend and pursuant to the relevant warrant instrument, the subscription price of the relevant warrant instrument is adjusted from HKD21.1998 to HKD19.6698 on 28 February 2022, and further adjusted to HKD18.8698 on 31 October 2022. The net proceeds raised from the issuance of Convertible and Exchangeable Bonds and warrants were also applied and fully utilized as intended.

As at 31 December 2024, no Convertible and Exchangeable Bonds were converted into ordinary shares of Best Assistant and no warrants were converted into Shares of the Company. On 8 March 2025, the Unlisted Warrant was expired.

MAJOR TRANSACTION IN RELATION TO THE MERGER, MAJOR DISPOSAL AND SPIN-OFF OF ELMTREE, AND DISTRIBUTION IN SPECIE

Merger and Proposed Spin-off

On 18 April 2023 (after trading hours), the Company, Best Assistant, Mynd.ai, Bright Sunlight Limited (“Bright Sunlight”) (a direct wholly-owned subsidiary of Mynd.ai) entered into an agreement and plan of merger (the “Merger Agreement”).

The transactions contemplated under the Merger Agreement involve, among other things: (i) the incorporation of eLMTree as a wholly-owned subsidiary of Best Assistant and Best Assistant transferring the education business of the Company outside of the PRC (comprising the businesses operated by Prometheus, Edmodo, Eternity (Thailand) Co., Ltd. and Sky Knight Investments Limited) to eLMTree; (ii) (a) all shares reserved by Best Assistant under the Best Assistant Share Award Scheme being granted, (b) certain inter-company loans from the Company or NetDragon BVI, on the one hand, to Best Assistant or any subsidiary thereof, on the other hand, being cancelled in exchange for the issuance of certain ordinary shares of Best Assistant to NetDragon BVI, and (c) interests in Best Assistant held by all existing shareholders of Best Assistant (except for one ordinary share of Best Assistant held by NetDragon BVI) being repurchased in exchange for ordinary shares of eLMTree (the “BA Repurchase”) or otherwise being procured that such shares of the Company are exchanged for newly-issued ordinary shares of eLMTree in any other manner permitted by applicable law; and (iii) Bright Sunlight merging with and into eLMTree with eLMTree surviving after the merger (the “Merger”).

The transactions contemplated under the Merger Agreement were approved by the shareholders at the extraordinary general meeting held on 14 July 2023. The closing of the Merger (the “Closing”) has taken place and the Merger has become effective on 13 December 2023. Upon the Closing, eLMTree has become a direct wholly owned subsidiary of Mynd.ai, a company listed on the NYSE American and the financial results of Mynd.ai and its subsidiaries (including eLMTree) will be consolidated into the consolidated financial statements of the Company.

Distribution in Specie

To give due regard to the interests of the shareholders of the Company, upon the Closing, the Directors passed a resolution to declare a special dividend to shareholders by way of a distribution in specie (the “Distribution in Specie”) of 676,681 American depositary shares represented by ordinary shares of Mynd.ai held by the Company (indirectly through NetDragon BVI) after Closing (or cash alternative), in proportion to their respective shareholdings in the Company.

The distribution completed on 15 February 2024. The Company has paid an aggregate of approximately HKD71.7 million to shareholders in respect of the cash payments for the Distribution in Specie.

MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code under Appendix C3 to the Listing Rules. The Company confirms that, having made specific enquiry of all Directors, all the Directors have confirmed that they have complied with the required standard of dealings as set out on the Model Code under Appendix C3 to the Listing Rules and the code of conduct of the Company regarding securities transactions by the Directors for the year ended 31 December 2024.

FINAL DIVIDEND

At the Board meeting held on Wednesday, 26 March 2025, it was proposed that a final dividend of HKD0.50 per share for the year ended 31 December 2024, amounting to approximately RMB246 million, be paid on or before Thursday, 31 July 2025 to the shareholders of the Company whose names appear on the Company's register of members at the close of business on Thursday, 12 June 2025. The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting (the "2025 AGM") to be held on Thursday, 5 June 2025.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2025 AGM

The Company's register of members will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both days inclusive, during which time no transfer of shares will be registered. In order to ensure that the shareholders are entitled to attend and vote at the AGM, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 30 May 2025 for registration of the relevant transfer.

(b) For determining the entitlement to the proposed final dividend

The Board has recommended the payment of a final dividend of HKD0.50 per share for the year ended 31 December 2024 to shareholders whose names appear on the register of members of the Company on Thursday, 12 June 2025 subject to the approval of the shareholders of the Company at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 12 June 2025 to Friday, 13 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 June 2025.

PUBLICATION OF FINAL RESULTS AND 2024 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://ir.nd.com.cn>). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://ir.nd.com.cn>) in due course.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Thursday, 5 June 2025. A notice convening the 2025 AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year under review, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors on 26 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control systems, which include financial, operational and compliance controls and risk management functions.

The Audit Committee reviews the 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 continued connected transactions and connected transactions relating to structure contracts, other contracts and control documents of the Group.

Our Audit Committee comprises three independent non-executive Directors, namely Li Sing Chung Matthias, Lee Kwan Hung, Eddie and Liu Sai Keung, Thomas. Li Sing Chung Matthias is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. The Group's audited consolidated financial statements for the year ended 31 December 2024 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares).

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

Hong Kong, 26 March 2025

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. Lee Kwan Hung, Eddie and Mr. Liu Sai Keung, Thomas.