网龙网络公司
NETDRAGON WEBSOFT INC.

NetDragon Websoft Holdings Limited (777.HK)

Investor Newsletter   July 2026

Stock Information (As of 29 July 2026)

Stock Code	777.HK
Stock Price	HK$ 7.89
52-Week Stock Price Range	HK$ 6.81-16.3
Market Cap	HK$ 4.15 billion
Issued Share Capital	526 million

About NetDragon

NetDragon Websoft Holdings Limited (HKSE: 777) 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. Over the desktop and mobile internet eras, NetDragon previously established 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, Conquer Online, Heroes Evolved and Under Oath. In the past 10 years, NetDragon has also achieved success with its EdTech business both domestically and globally. Fully embracing the new AI era, NetDragon is driving its vision of "Infinite Growth" through a dual-focus strategy of "AI+Gaming" and "AI+Education". With its AI Content Factory empowering operations and working with partners to develop a global learning metaverse, NetDragon is committed to once again building a massive user community in the new AI era.

NetDragon's overseas edtech 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: continued dividend payout for 18 years since IPO

~13%	1.0 HKD	600M HKD	2.0B RMB	10.3 RMB
Dividend yield (TTM)	**Annualized dividend per share**	**Total shareholder returns** (Expected over the next 12 months)	**Net cash and liquid investments** (as of Dec 2025)	**Net assets per share** (as of Dec 2025)

Note: Based on NetDragon's 2025 Annual Report (the latest publicly available financial data)

Analyst Reports

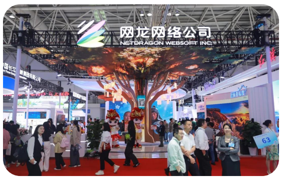
Firm	Rating	Target	Analyst Views
CITIC Securities	Buy	HK$ 13.00	**AI-Driven Efficiency Gains Supporting Long-Term Growth** -The OPM of the gaming and application services segment improved by 3.9ppts YoY. Mynd.ai is expected to see a gradual recovery in revenue, alongside continued OPM improvement. -The partnership with ByteDance is expected to accelerate NetDragon's transformation into an AIGC-driven content creation business, strengthening both earnings quality and long-term growth potential. -The Company is expected to maintain its annual dividend at HK$1.00 per share in 2026, implying a dividend yield of approximately 11%. The Chairman's recent share purchases further demonstrate confidence in the Company's long-term outlook.
SPDB International	Buy	HK$ 12.00	**Sustaining Shareholder Returns While Advancing the AI Strategy** -Core business: AI continues to enhance the gaming pipeline and expand the range of service offerings across the education business -Shareholder returns: Announced a new HK$600 million dividend and share repurchase program, representing an implied shareholder yield of approximately 12%.
Global Prosperity	Buy (Initial)	HK$ 11.74	**AI-Driven Cost Optimization Gaining Traction, with Greater Focus on AI Computing and AIGC Production Capacity** -Gaming: Continues to strengthen its flagship IP portfolio to support sustainable long-term growth, while exploring AI-native games and opportunities in new game categories -Mynd.ai: Adjusted EBITDA losses narrowed sequentially. As market conditions stabilize, customer demand is expected to recover gradually. -AI computing and AIGC production capacity: The Company has introduced AI employee matrix to reshape the entire content production value chain. -Strategic partnership: Through the partnership with Volcengine, the Company is scaling up the production of next-gen AIGC educational resources and building an innovative global education ecosystem centered on co-creation and resource sharing. -Shareholder returns: The Company is expected to maintain a dividend of HK$1.00 per share in 2026, implying a dividend yield of approximately 11%. The increase in shareholding by the Chairman further demonstrates confidence in the Company's long-term prospects.
Soochow Securities	Buy	-*	**AI-Driven Efficiency Gains Accelerating, While the Education Business Remains Under Near-Term Pressure** -Gaming: Results exceeded expectations, supported by the resilience of the Company's flagship IPs. AI-driven cost savings and efficiency gains are also coming through at an accelerating pace. -Education: The segment's operating loss narrowed year on year in the second half, while the shift towards the SaaS + AI business model continues to advance. -Ecosystem partnership: Deepening the collaboration with Volcengine across China's higher education and vocational training markets. By integrating technology, content resources and ecosystem capabilities, the partnership is strengthening competitive barriers and enabling the large-scale production of next-generation AIGC educational content. -Shareholder returns: Full-year dividends totaled HK$1.00 per share, and the Company announced a new HK$600 million shareholder return program.
China Securities	Buy（Initial）	-*	**Gaming Business Optimization Continues, with Shareholder Returns Underpinning Valuation** The Company is moving into a phase where earnings recovery is being led by margin improvement, supported by potential corporate catalysts and a strong commitment to shareholder returns: -Improving visibility on the narrowing of Mynd.ai's losses -Potential IPO catalysts from portfolio investments such as Rokid -A recurring annual dividend of at least HK$1.00 per share, together with ongoing share repurchases, providing a solid valuation floor.

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

AI Employee Matrix

- **Reconstructs the entire content production chain,** breaking through the efficiency bottlenecks of traditional human-powered processes
- The AI employees completes the **full closed-loop workflow** 24/7 without interruption and with no human intervention
- Drives the content production to leap from "human-driven" to **"intelligence-driven"**, achieving the goals of standardization, scale, and extreme speed
- **Achieve "human-machine collaboration for intelligent co-creation and win-win outcomes"** centered on the AI Employee Matrix, inject strong technological momentum into the large-scale supply and intelligent upgrading of content in fields such as education, gaming, cultural creative, and corporate services

Rollout of Strategic AI Projects



NetDragon Participated in the Digital China Summit for Nine Consecutive Years, Creating Immersive Digital Experiences Through Technology

(April 2026) NetDragon participated in the Digital China Summit for nine consecutive years, presenting three dedicated exhibition areas focused on interactive digital cultural tourism, Fujian cultural IP and digital education. It showcased a series of innovative applications of cutting-edge technologies such as AI, VR and AR, demonstrating how digital innovation can enhance cultural tourism experiences, bring cultural heritage to wider audiences and transform education.

NetDragon Showcased at the World Digital Education Conference, with Multiple Solutions Recognized as Leading Cases

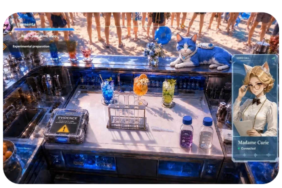
(May 2026) NetDragon was invited to participate in the 2026 World Digital Education Conference, jointly hosted by the Ministry of Education and the People's Government of Zhejiang Province. During the conference, NetDragon's management met with the Minister of Education of Serbia. The "E-Library for Teachers" project, jointly developed by NetDragon and UNESCO Institute for Information Technologies in Education (UNESCO IITE), was selected as one of the "Top 10 Innovative Cases in World Digital Education." Additionally, three of NetDragon's technical solutions were successfully included in in the conference's collection of outstanding technology solution cases.

NetDragon Showcased at eLearning Africa 2026, Empowering Africa's Independent Development of Digital Education with AI

(June 2026) NetDragon was invited to participate in eLearning Africa 2026, co-hosted by the Ministry of Education of the Republic of Ghana. During the event, the NetDragon delegation participated in multiple bilateral exchange meetings with education authorities from African countries, exchanging views on the future of digital learning, digital education governance, AI capacity building and collaboration on national education platforms. These engagements further strengthened NetDragon's partnership network across Africa's digital education sector.

NetDragon's Chairman Dr. Liu Dejian was invited to attend the Hong Kong Higher Education Open Source Community Development Seminar, Focusing on Open Source × AI Educational Innovation

(June 2026) Dr. Liu Dejian, Chairman of NetDragon, was invited to attend the "Hong Kong Higher Education Open Source Community Development Seminar" held at The Hong Kong Polytechnic University. He delivered a keynote speech in avatar form titled "Open Source × AI: Reshaping the Creation and Sharing of Educational Content." In the speech, he shared his in-depth insights on how AI can lower the barriers to educational content creation, facilitate the accumulation of tacit knowledge, and support a more open yet well-governed framework for content development.



NetDragon Deepens Its "AI + Education" Strategy with the Launch of an Interactive AI Chemistry Product for the Global Science Education Market

(June 2026) NetDragon leveraged its proprietary AI technologies to launch Elementa Guardians: Chemistry Detective, showcasing its latest exploration in AI-driven interactive learning. This globalized interactive chemistry game lab is an interactive science learning product prototype developed by NetDragon on its AI content production line. It also represents an important step in the Company's AI strategy, extending its capabilities from AI-powered content creation into the development and validation of consumer-facing products.

NetDragon Participated in the Volcengine AI Innovation Roadshow, Sharing New Workforce Ecosystem Powered by "AI Employees"

(June 2026), NetDragon was invited to participate in the Volcengine AI Innovation Roadshow, where the Company's management delivered a keynote presentation on its strategy for building a new "AI employee" workforce ecosystem in partnership with Volcengine. The presentation introduced the formula "AI Employee = Foundation Model Capabilities × Industry Use Cases × IP Assets" and highlighted how NetDragon, supported by Volcengine's foundation models, has deployed AI solutions at scale to reduce costs and improve efficiency across education, gaming, digital media and other business areas.

NetDragon Partnered with COL Group and Macau University of Science and Technology to Develop an AI-Powered Film and Television Ecosystem in the Guangdong-Macao In-Depth Cooperation Zone

(June 2026) NetDragon signed a cooperation agreement with Hengqin International Film City. Leveraging their respective resources and capabilities, the parties will collaborate on the development of the international film and television industry in Hengqin and the Greater Bay Area, with a focus on AI-generated micro-drama production, premium IP development, AI vocational training and broader industry ecosystem development. Meanwhile, Hengqin International Film City, NetDragon and the Faculty of Humanities and Arts of Macau University of Science and Technology signed a tripartite cooperation agreement to jointly establish the International Qin-Macao AI Imaging Industry–Academia–Research Training Base.

Gaming Business Updates

Eudemons IP: Content Innovation Driving Sustainable Long-Term Growth

Gaming + Cultural Tourism

March 2026
***Eudemons Online* x**
Liuyang Cultural Tourism
Spectacular Fireworks Collaboration

June 2026
***Eudemons Online* x**
***Sanming* Cultural Tourism**
Crested Ibis Conservation Charity Alliance

Tournaments and Events

April 2026
***Eudemons Online* Annual Herod Tournament**
Top Alliances Battle for Supremacy

Gaming Updates

June 2026
"Genesis of Divine Armaments "
Eudemons Online Pocket Version Update

June 2026
"Eudemon Era: Shadow of Jade Dragon"
Eudemons Online Major Mid-Year Campaign

July 2026
New Spirit Eudemon "Fengxian"
Eudemons Online Launches 3 Eudemons

Conquer IP: Continuing to Enrich the Martial Art Experience

In April 2026, *Conquer Online* partnered with the Museum of Foochow Arsenal to introduce players worldwide to the history, heritage and landmark sites associated with China's shipbuilding culture.

In May 2026, *Conquer Online* collaborated with the popular Chinese comic IP *Jiang Xiao Yu* to launch a special Children's Day crossover event, "Xiao Yu's Monster-Hunting Adventure."

Heroes Evolved IP: Major IP Crossover

In May 2026, *Heroes Evolved* collaborated with B.Duck under the theme "Let's Play Together." The campaign featured exclusive crossover skins, innovative gameplay and a range of special rewards.

In July 2026, *Heroes Evolved* collaborated with the acclaimed Chinese comic IP *Tales of Herding Gods*, bringing Qin Mu, the young hero from the Great Ruins, into the world of Heroes Evolved.

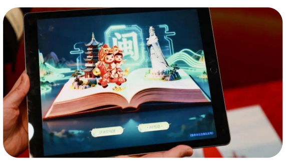
Company News

[NetDragon's Chairman and Controlling Shareholder Increases Shareholding of NetDragon, Underscoring Confidence in the Company's Long-Term Development]

To date, Chairman of the board of directors and controlling shareholder of NetDragon has cumulatively increased his shareholding in the Company by acquiring 8.38 million ordinary shares through open market transactions. At this pivotal stage as NetDragon advances toward becoming a global leader in AIGC creation, Chairman of the board of directors and controlling shareholder of the Company's decision to increase his shareholding reflects his confidence in the Company's new strategic direction and long-term investment value.

[NetDragon's Chairman Dr. Liu Dejian: Inheriting the Spirit of the Long March with Unwavering Determination]

(May 2026) NetDragon was invited to participate in the Guangdong-Hong Kong-Macao Greater Bay Area Media Alliance's "Retracing the Historic Route of the Long March" themed interview series and showcased educational initiatives focused on China's revolutionary heritage. NetDragon's Chairman Dr. Liu Dejian stated: "My grandfather, Mr. Yang Zhansheng, joined the Communist Party of China in 1929. From his generation's aspiration to 'build a stronger nation' to our generation's commitment to 'serve the country through technology', I see this as the continuation of the same spirit across generations."



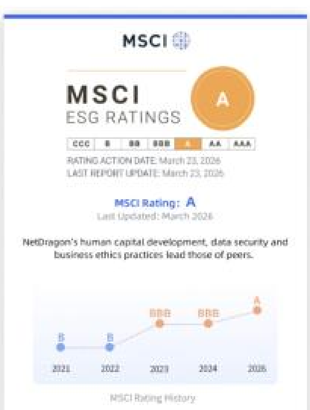
["This is Fujian" Launched | NetDragon Brings Cultural Tourism to Life Through Digital Innovation]

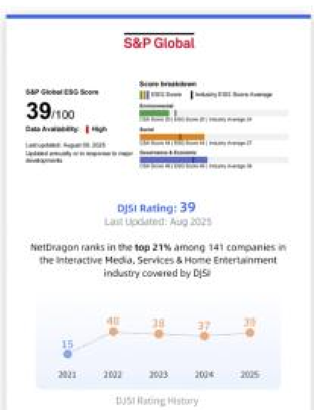
Published by Xinhua Publishing House, "This is Fujian" was jointly compiled by the Fujian Provincial Department of Culture and Tourism and Xinhua News Agency Fujian Branch, with NetDragon providing end-to-end technical support. As China's first provincial-level cultural and tourism publication to integrate AR (Augmented Reality), AIGC (Generative Artificial Intelligence), and 3D spatial modeling technologies, the book creates a new form of cultural tourism experience that is "readable, perceptible, and interactive," marking a new stage in the deep integration of digital technology and regional cultural expression.

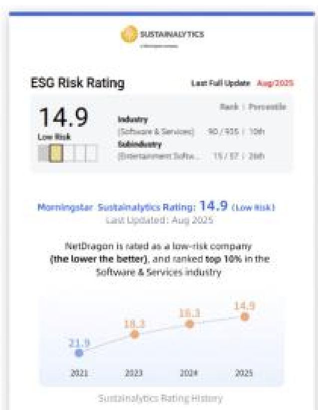
[NetDragon's Digital Human Technology Recognized as a National Metaverse Typical Case by Four Government Authorities]

(May 2026) The Ministry of Industry and Information Technology, the Ministry of Education, the Ministry of Culture and Tourism, and the National Radio and Television Administration jointly released the 2025 Metaverse Typical Case List. Among them, the technology underlying NetDragon's "High-Fidelity Digital Human Rapid Creation and Multi-Module Interaction System ", a core technology underpinning its high-fidelity digital human livestreaming solution, was selected as a technical tool case in the typical product category, making it the only project from Fujian Province to be recognized in this category .

ESG Ratings: NetDragon Upgraded to "A" by MSCI ESG Rating







Flagship Product Videos

Eudemons Online

Chemistry AI Interactive Courseware

AP10 Interactive Panel

ActivSuite Software

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