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)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

## BUSINESS REVIEW AND OUTLOOK

On 18 August 2026, moyu AI – an AI Workforce Ecosystem aiming to assist different verticals/ industries made its debut at the Global Smart Education Conference. This marks a critical milestone in effort to transform NetDragon Websoft Holdings Limited ("**NetDragon**" or the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") to a true AI company. Positioned as a multi-scenario AI application ecosystem built on an AI Agent technical infrastructure, moyu AI provides a new AI application paradigm for work, learning, creation, and design, going beyond the traditional dimensions of work assistants and digital employees to drive AI to become a partner for everyday life.

In addition to developing new AI business, our existing core businesses also delivered resilient results. In the first half of 2026, revenue from the gaming business recorded HoH growth, demonstrating a stable recovery trend. This underscores the value resilience and sustainable growth of the Company's flagship evergreen IP, driven by strategic initiatives to optimize consumer spending structures and deepen community engagement. Additionally, the systematic deployment of our proprietary *AI Employee Matrix* across gaming operations further reduced operating expenses in the gaming and application services segment, leading to a 10.3% HoH increase in core segmental profit. Mynd.ai Inc. ('Mynd.ai'), our US-listed subsidiary, significantly narrowed its core segmental loss by 35.4% YoY in the first half of 2026, whilst Service and SaaS revenue grew YoY.

We are actively fulfilling our shareholder return commitment of distributing no less than HKD600 million over the next 12 months since 26 March 2026. Accordingly, the Board has approved an interim dividend of HKD0.50 per ordinary share. As of the end of June 2026, our net cash and liquid investments position amounted to RMB1.8 billion, providing solid support for our fundamental business principles of continuously enhancing cash returns to investors.

**Gaming and Application Services Business**

In the first half of 2026, revenue from our gaming and application services amounted to RMB1.6 billion, representing a decrease of 8.8% YoY and an increase of 3.1% HoH. As our self-developed *AI Employee Matrix* was deployed across the gaming business in a more organised, full-chain and wholistic manner, segmental operating expenses decreased by 14.4% YoY and 10.5% HoH. The stabilisation and recovery in revenue, together with cost efficiencies delivered by our AI+ strategy, supported resilient profitability. Core segmental profit reached RMB461 million, increased by 10.3% HoH.

**In the gaming sector, the resilience of our flagship evergreen IPs was clearly demonstrated, supporting a stabilisation in revenue:** In the first half of 2026, gaming revenue increased by 2.3% HoH, reflecting the positive impact of the strategic initiatives we have pursued over the past two years, including a continued focus on content innovation, user growth and deeper AI adoption. Meanwhile, our *AI Employee Matrix* further enhanced overall efficiency across multiple functions, including R&D, operations and maintenance, contributing to a 23.4% YoY and 13.0% HoH decrease in segmental R&D expenses for the gaming and application services.

Driven by a series of major content updates, user engagement across the *Eudemons* IP continued to strengthen. The average monthly active users (MAU) increased sequentially for five consecutive half-year periods since the first half of 2024, exceeding 3 million in the first half of 2026, up 24.1% YoY and 15.8% HoH, driving overall Eudemons IP revenue to increase by 3.7% HoH. Driven by enhanced character progression features in the MMO segment and locally themed marketing initiatives in the casual segment, overseas revenue from the Conquer IP, denominated in US dollars, increased by 19.3% YoY and 6.5% HoH, respectively. Revenue from the PC version of the *Heroes Evolved* IP increased 4.4% YoY and 2.3% HoH in the first half of 2026, marking the seventh consecutive half-year period of YoY revenue growth since the first half of 2023.

In the first half of 2026, NetDragon continued to deepen the integration of "gaming + cultural tourism". The *Eudemons* IP's Year of the Horse campaign in collaboration with cultural tourism partners including Shandan Horse Farm and Xinjiang Akhal-Teke Horse Base, effectively enhanced user participation. As part of the *Eudemons* IP's 20th anniversary celebrations, the Company partnered with Liuyang's cultural and tourism to launch the IP's first short drama, with related in-game activities driving MAU during the month up 17.2% YoY. In August 2026, NetDragon partnered with the Fujian Department of Cultural Tourism to launch two light mini-games using AI capabilities. Built around the 2026 Fujian Provincial City Football League, the gamified experiences enhanced public benefits by deeply embedding into the cultural tourism welfare system, representing another new exploration by NetDragon in the "gaming + cultural tourism" sphere.

In the first half of 2026, AI employee workload contribution reached 35-40%, as we have deployed AI employees across 269 roles, enabling real-time scaling based on task volume. Leveraging our *AI Content Factory*, we plan to add several new language editions for *Eudemons* and *Heroes Evolved* by the end of the year, and launch various specific versions of *Eudemons* and *Conquer*.

**In the application services sector, moyu AI opened up a new growth vertical for the Company:** Moyu AI platform has formally gone into the testing phase, with its mobile version simultaneously launched for testing overseas. In the first half of the year, the Company conducted a series of fine-tunings across targeted use cases such as content creation and education. Specifically, content creation scenarios covered story ideation, plot extension, character setting, comic storyboarding and personalized video generation. Educational scenarios explored use cases such as instructional design, teaching material generation, Q&A knowledge bases and teaching assistance. Feedback from ongoing testing will inform further product iterations and expansion into new application scenarios.

The strategic cooperation between our Hong Kong subsidiary, Cherrypicks, and Zhongke WengAI has further deepened. Leveraging AI platforms such as X-Agent, we have begun developing a variety of applications, including AI admin and AI driven loyalty platform INSTORE CX for local businesses in the Hong Kong and Macao markets. We are also collaborating to build the international versions of ScienceOne, a large language model for scientific research, and Claworks, an enterprise-grade secure Agent platform.

**Mynd.ai**

The first half of 2026 reflected continued execution against our operating transformation: stronger gross margin, materially lower operating expenses, improved adjusted EBITDA, and better cash usage, while we continued to build recurring revenue through services and software-as-a-service (“**SaaS**”). These actions are creating a more efficient operating model and positioning Mynd.ai to pursue sustainable growth as market conditions improve.

**Key highlights:**

- Gross margin expanded 2.3 percentage points to 27.7% from 25.4% in the prior-year period.
- Total operating expenses reduced 29.6% to RMB254 million from RMB361 million in the prior-year period.
- Net loss narrowed 30.8% to RMB164 million from RMB237 million in the prior-year period.
- Adjusted EBITDA improved 53.7% to a loss of RMB63 million from a prior-year loss of RMB136 million.
- Net cash used in operating activities improved 38.5%, or RMB114 million, compared to the prior-year period.
- Free cash outflow improved 38.8%, or RMB119 million, compared to the prior-year period.
- Service and SaaS revenue grew YoY, demonstrating continued momentum in recurring revenue streams despite lower total revenue in the period.

We remain focused on disciplined execution, liquidity management and continued growth in our SaaS and services businesses.

## FINANCIAL HIGHLIGHTS AND REVIEW

### 2026 First Half Financial Highlights

- Revenue was RMB2.1 billion, representing a 12.2% decrease YoY.
- Revenue from gaming and application services was RMB1.6 billion, representing 75.8% of the Group's total revenue and an 8.8% decrease YoY, 3.1% increase HoH.
- Revenue from Mynd.ai business was RMB505 million, representing 24.2% of the Group's total revenue and a 21.2% decrease YoY.
- Gross profit was RMB1.5 billion, representing an 11.7% decrease YoY. Gross margin improved by 0.4 ppts to 69.9%.
- Operating expenses decreased by 17.8% YoY to RMB1.1 billion, reflecting the impact of our cost reduction and efficiency improvement measures.
- Operating profit increased by 24.1% YoY to RMB144 million.
- Profit attributable to owners of the Company was RMB36 million, representing a 20.0% increase YoY.
- The Company declared an interim dividend of HKD0.50 per ordinary share for the six months ended 30 June 2026.

**Segmental Financial Highlights**

| (RMB million) | **2026 First Half**<br>**Gaming and application services** | **2026 First Half**<br>**Mynd.ai business** | 2025 First Half<br>Gaming and application services (Restated) | 2025 First Half<br>Mynd.ai business |
|---|---|---|---|---|
| Revenue | **1,585** | **505** | 1,738 | 641 |
| Gross profit | **1,321** | **140** | 1,498 | 163 |
| Gross margin | **83.3%** | **27.7%** | 86.2% | 25.4% |
| Core segmental profit (loss) | **461** | **(126)** | 524 | (195) |
| Segmental operating expenses[1] | | | | |
| – Research and development | **(334)** | **(75)** | (436) | (104) |
| – Selling and marketing | **(178)** | **(104)** | (197) | (139) |
| – Administrative | **(312)** | **(75)** | (330) | (118) |

Note 1: Segmental operating expenses exclude unallocated expenses/income such as directors' emoluments, certain selling and marketing and certain administrative expenses 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 unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2026 together with the comparative figures in 2025 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | ***(Unaudited)*** | *(Unaudited)* |
| | *NOTES* | ***RMB million*** | *RMB million* |
| Revenue | 4 | **2,090** | 2,381 |
| Cost of revenue | | **(629)** | (726) |
| Gross profit | | **1,461** | 1,655 |
| Other income and gains | | **50** | 89 |
| Impairment loss under expected credit loss model, net of reversal | | **1** | (4) |
| Selling and marketing expenses | | **(283)** | (336) |
| Administrative expenses | | **(418)** | (474) |
| Research and development costs | | **(409)** | (540) |
| Other expenses and losses | | **(262)** | (279) |
| Share of results of associates and joint ventures | | **4** | 5 |
| Operating profit | | **144** | 116 |
| Interest income on pledged bank deposits | | **16** | 12 |
| Exchange loss on pledged bank deposits, financial assets at fair value through profit or loss, bank borrowings, convertible and exchangeable bonds and derivative financial instrument | | **(41)** | (8) |
| Fair value change on financial assets at fair value through profit or loss | | **24** | (6) |
| Fair value change on derivative financial instrument | | **–** | 15 |
| Finance costs | | **(59)** | (67) |
| Profit before taxation | | **84** | 62 |
| Taxation | 5 | **(93)** | (93) |
| Loss for the period | | **(9)** | (31) |

| | NOTE | Six months ended 30 June<br>**2026**<br>***(Unaudited)***<br>***RMB million*** | <br>2025<br>*(Unaudited)*<br>*RMB million* |
|---|---|---|---|
| Other comprehensive income for the period, net of income tax: | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | **8** | 16 |
| Item that will not be reclassified to profit or loss: | | | |
| Fair value change on equity instruments at fair value through other comprehensive income | | **12** | – |
| Other comprehensive income for the period | | **20** | 16 |
| Total comprehensive income (expense) for the period | | **11** | (15) |
| Profit (loss) for the period attributable to: | | | |
| – Owners of the Company | | **36** | 30 |
| – Non-controlling interests | | **(45)** | (61) |
| | | **(9)** | (31) |
| Total comprehensive income (expense) for the period attributable to: | | | |
| – Owners of the Company | | **55** | 41 |
| – Non-controlling interests | | **(44)** | (56) |
| | | **11** | (15) |
| | | ***RMB cents*** | *RMB cents* |
| **Earnings per share** | 7 | | |
| – Basic | | **6.88** | 5.57 |
| – Diluted | | **6.88** | 5.57 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2026

| | NOTES | **30 June 2026** *(Unaudited)* *RMB million* | 31 December 2025 *(Audited)* *RMB million* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **2,136** | 2,249 |
| Right-of-use assets | 8 | **249** | 317 |
| Investment properties | | **4** | 41 |
| Goodwill | | **299** | 311 |
| Intangible assets | 8 | **515** | 699 |
| Interests in associates and joint ventures | | **97** | 64 |
| Equity instruments at fair value through other comprehensive income | | **39** | 27 |
| Financial assets at fair value through profit or loss | | **457** | 302 |
| Loan receivables | | **38** | 54 |
| Other receivables, prepayments and deposits | | **134** | 286 |
| Deferred tax assets | | **1** | 1 |
| Restricted bank deposit | | **26** | – |
| | | **3,995** | 4,351 |
| **Current assets** | | | |
| Properties under development | | **70** | 70 |
| Properties for sale | | **264** | 264 |
| Inventories | | **174** | 223 |
| Financial assets at fair value through profit or loss | | **173** | 133 |
| Loan receivables | | **219** | 189 |
| Trade receivables | 9 | **327** | 303 |
| Other receivables, prepayments and deposits | | **570** | 432 |
| Tax recoverable | | **62** | 28 |
| Pledged bank deposits | | **1,663** | 2,087 |
| Bank deposits with original maturity over three months | | **499** | 308 |
| Cash and cash equivalents | | **1,290** | 1,545 |
| | | **5,311** | 5,582 |

| | NOTES | **30 June 2026** **(Unaudited)** **RMB million** | 31 December 2025 (Audited) RMB million |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | 10 | **1,091** | 1,036 |
| Contract liabilities | | **302** | 441 |
| Lease liabilities | | **29** | 42 |
| Provisions | | **93** | 112 |
| Derivative financial instrument | | **1** | 1 |
| Bank borrowings | 11 | **2,065** | 2,356 |
| Convertible note | 12 | **437** | 428 |
| Tax payable | | **41** | 40 |
| | | **4,059** | 4,456 |
| **Net current assets** | | **1,252** | 1,126 |
| **Total assets less current liabilities** | | **5,247** | 5,477 |
| **Non-current liabilities** | | | |
| Other payables | 10 | **4** | 3 |
| Lease liabilities | | **14** | 22 |
| Deferred tax liabilities | | **61** | 64 |
| | | **79** | 89 |
| **Net assets** | | **5,168** | 5,388 |
| **Capital and reserves** | | | |
| Share capital | | **39** | 39 |
| Share premium and reserves | | **5,231** | 5,394 |
| Equity attributable to owners of the Company | | **5,270** | 5,433 |
| Non-controlling interests | | **(102)** | (45) |
| | | **5,168** | 5,388 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | ***(Unaudited)*** | *(Unaudited)* |
| | *NOTES* | ***RMB million*** | *RMB million* |
| **NET CASH USED IN OPERATING ACTIVITIES** | | **(160)** | (63) |
| **INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 8 | **(75)** | (55) |
| Placement of bank deposits with original maturity over three months | | **(400)** | (318) |
| Withdrawal of bank deposits with original maturity over three months | | **207** | 108 |
| Placement of pledged bank deposits | | **(1,249)** | (1,293) |
| Placement of restricted bank deposit | | **(26)** | – |
| Withdrawal of pledged bank deposits | | **1,666** | 761 |
| Purchase of intangible assets | 8 | **(17)** | (341) |
| Proceeds from disposal of intangible assets | | **–** | 233 |
| Interest received | | **42** | 31 |
| Purchase of financial assets at fair value through profit or loss | | **(614)** | (1,417) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | **567** | 1,435 |
| Other investing activities | | **(4)** | (40) |
| **NET CASH FROM (USED IN) INVESTING ACTIVITIES** | | **97** | (896) |
| **FINANCING ACTIVITIES** | | | |
| New bank borrowings raised | 11 | **1,766** | 1,242 |
| Repayment of bank borrowings | 11 | **(2,057)** | (706) |
| Repayment of lease liabilities | | **(20)** | (32) |
| Redemption of convertible and exchangeable bonds | | **–** | (293) |
| Acquisition of partial interest of subsidiaries | | **–** | (3) |
| **NET CASH (USED IN) FROM FINANCING ACTIVITIES** | | **(311)** | 208 |

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***(Unaudited)*** | *(Unaudited)* |
| | ***RMB million*** | *RMB million* |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(374)** | (751) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **1,545** | 2,498 |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES** | **119** | (46) |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | **1,290** | 1,701 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 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, 20th Floor, 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) overseas education business ("Mynd.ai business"); and (iii) property development business.

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

## 3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

**Application of amendments to HKFRS Accounting Standards**

In the current interim period, 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 periods beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11 |

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 4. REVENUE AND SEGMENT INFORMATION

### Types of goods and services

| | **Six months ended 30 June 2026 (Unaudited)** | | | |
|---|---|---|---|---|
| | **Gaming and application services** *RMB million* | **Mynd.ai business** *RMB million* | **Property development** *RMB million* | **Total** *RMB million* |
| Revenue from sales of pre-paid game cards for online and mobile games | **1,400** | **–** | **–** | **1,400** |
| Sales of education equipment and related goods | **38** | **467** | **–** | **505** |
| Revenue from educational services | **120** | **38** | **–** | **158** |
| Revenue from provision of mobile solution, products and marketing services | **27** | **–** | **–** | **27** |
| Revenue from property development | **–** | **–** | **–** | **–** |
| | **1,585** | **505** | **–** | **2,090** |

| | Six months ended 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | Gaming and application services *RMB million* | Mynd.ai business *RMB million* | Property development *RMB million* | Total *RMB million* |
| Revenue from sales of pre-paid game cards for online and mobile games | 1,528 | – | – | 1,528 |
| Sales of education equipment and related goods | 60 | 622 | – | 682 |
| Revenue from educational services | 119 | 19 | – | 138 |
| Revenue from provision of mobile solution, products and marketing services | 31 | – | – | 31 |
| Revenue from property development | – | – | 2 | 2 |
| | 1,738 | 641 | 2 | 2,381 |

### Segment information

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

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

**Six months ended 30 June 2026 (Unaudited)**

| | **Gaming and application services** *RMB million* | **Mynd.ai business** *RMB million* | **Property development** *RMB million* | **Total** *RMB million* |
|---|---|---|---|---|
| Segment revenue | **1,585** | **505** | **–** | **2,090** |
| Segment profit (loss) | **391** | **(164)** | **(1)** | **226** |
| Unallocated other income and gains | | | | **83** |
| Unallocated corporate expenses and losses | | | | **(225)** |
| Profit before taxation | | | | **84** |

Six months ended 30 June 2025 (Unaudited)

| | Gaming and application services *RMB million* | Mynd.ai business *RMB million* | Property development *RMB million* | Total *RMB million* |
|---|---|---|---|---|
| Segment revenue | 1,738 | 641 | 2 | 2,381 |
| Segment profit (loss) | 402 | (237) | (7) | 158 |
| Unallocated other income and gains | | | | 29 |
| Unallocated corporate expenses and losses | | | | (125) |
| Profit before taxation | | | | 62 |

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 are from external customers.

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

| | **30 June 2026** ***(Unaudited)*** ***RMB million*** | 31 December 2025 *(Audited)* *RMB million* |
|---|---|---|
| Gaming and application services | **6,372** | 6,619 |
| Mynd.ai business | **1,154** | 1,346 |
| Property development | **804** | 765 |
| Total segment assets | **8,330** | 8,730 |
| Unallocated | **976** | 1,203 |
| | **9,306** | 9,933 |

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 fair value through profit or loss, 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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***(Unaudited)*** | *(Unaudited)* |
| | ***RMB million*** | *RMB million* |
| The tax charge comprises: | | |
| Hong Kong Profits Tax | | |
| – Current period | **1** | 17 |
| PRC Enterprise Income Tax | | |
| – Current period | **54** | 74 |
| – Under provision in prior years | **2** | 3 |
| – Withholding tax | **35** | 2 |
| | **91** | 79 |
| Taxation in other jurisdictions | | |
| – Current period | **1** | 2 |
| Deferred tax | | |
| – Current period | **–** | (5) |
| | **93** | 93 |

## 6. DIVIDENDS

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***(Unaudited)*** | *(Unaudited)* |
| | ***RMB million*** | *RMB million* |
| Dividends recognised as distribution during the period: 2025 final dividend – Hong Kong dollar ("HKD") 0.50 (2025: 2024 final dividend – HKD0.50) per share | **238** | 246 |

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HKD0.50 per share, amounting to HKD263 million (equivalent to RMB228 million), will be paid to the shareholders of the Company whose names appear in the register of members on 11 September 2026.

## 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:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***(Unaudited)*** | *(Unaudited)* |
| | ***RMB million*** | *RMB million* |
| Earnings for the purpose of basic and diluted earnings per share: | | |
| – Profit for the period attributable to the owners of the Company | **36** | 30 |

| | Number of shares Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***(Unaudited)*** | *(Unaudited)* |
| | ***'000*** | *'000* |
| Weighted average number of shares in issue during the period for the purpose of basic earnings per share and diluted earnings per share (after adjusted for the effect of unvested treasury shares held under share award scheme) | **525,920** | 531,133 |

The computation of diluted earnings per share does not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price for shares for both periods. Diluted earnings per share also did not assume the exercise of the restricted stock units ("RSUs") granted by Mynd.ai, a subsidiary of the Company, under the Mynd.ai Equity Incentive Plan, since the exercise of the RSUs would result in an increase in earnings per share for both periods.

## 8. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group paid approximately RMB75 million (six months ended 30 June 2025: RMB55 million) for the acquisition of property, plant and equipment to expand its operations which mainly included RMB37 million (six months ended 30 June 2025: RMB30 million) in plant and equipment and RMB31 million (six months ended 30 June 2025: RMB18 million) in construction in progress.

During the current interim period, the Group entered into several new lease agreements ranging from 2 to 5 years (six months ended 30 June 2025: 1 to 2 years). The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised right-of-use assets of RMB3 million (six months ended 30 June 2025: RMB8 million) and lease liabilities of RMB3 million (six months ended 30 June 2025: RMB8 million).

During the current interim period, the Group paid approximately RMB17 million (six months ended 30 June 2025: RMB341 million) for the acquisition of intangible assets, of which nil (six months ended 30 June 2025: United States Dollar ("USD") 42 million (equivalent to RMB305 million)) was for acquisition of cryptocurrencies. In addition, the Group did not dispose of cryptocurrencies during the current interim period (six months ended 30 June 2025: disposed of cryptocurrencies of USD32 million (equivalent to RMB233 million), resulting in a gain on disposal of less than RMB1 million). During the six months ended 30 June 2026, the Group performed impairment testing with reference to the market price of the corresponding cryptocurrencies as a result of the market turmoil of cryptocurrencies indicating that the relevant intangible assets may be impaired and recognised impairment loss of approximately RMB130 million (six months ended 30 June 2025: RMB92 million).

## 9. TRADE RECEIVABLES

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:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***(Unaudited)*** | *(Audited)* |
| | ***RMB million*** | *RMB million* |
| 0 – 30 days | **178** | 155 |
| 31 – 60 days | **53** | 51 |
| 61 – 90 days | **12** | 27 |
| Over 90 days | **84** | 70 |
| | **327** | 303 |

## 10. TRADE AND OTHER PAYABLES

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***(Unaudited)*** | *(Audited)* |
| | ***RMB million*** | *RMB million* |
| Trade payables *(Note a)* | **293** | 320 |
| Accrued staff costs | **108** | 226 |
| Deferred income *(Note b)* | **6** | 7 |
| Other tax payables | **34** | 20 |
| Payables for purchase of property, plant and equipment | **157** | 158 |
| Consideration payables | **3** | 3 |
| Accrued expenses | **80** | 101 |
| Dividend payable | **228** | – |
| Others *(Note c)* | **186** | 204 |
| | **1,095** | 1,039 |
| Analysed for financial reporting purpose: | | |
| Non-current | **4** | 3 |
| Current | **1,091** | 1,036 |
| | **1,095** | 1,039 |

*Notes:*

(a) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | **30 June 2026** *(Unaudited)* ***RMB million*** | 31 December 2025 *(Audited)* *RMB million* |
|---|---|---|
| 0 – 90 days | **148** | 183 |
| 91 – 180 days | **87** | 91 |
| 181 – 365 days | **17** | 3 |
| Over 365 days | **41** | 43 |
| | **293** | 320 |

(b) The amount represents government grants which are (i) the costs incurred by the Group in conducting and launching research and development projects in Fujian Province, the PRC, relating to compensation for future research and development costs; and (ii) the costs incurred by the Group for purchasing property, plant and equipment, which will be recognised in profit or loss on a systematic basis over the estimated useful life of the property, plant and equipment related to the government grants on capital expenditure.

(c) Others mainly represent advertising payables, office and server service expenses payables and other miscellaneous items for operating activities.

## 11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounted to RMB1,766 million (six months ended 30 June 2025: RMB1,242 million), and repaid bank loans amounted to RMB2,057 million (six months ended 30 June 2025: RMB706 million). The bank borrowings as at 30 June 2026 carry interest at (i) one-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2.20% or 2.35% per annum; or (ii) interest rate of 0.50% to 2.70% per annum. The Group's 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.

The bank borrowings as at 31 December 2025 carried interest at (i) one-month HIBOR plus 2.20% or 2.35% per annum; (ii) Secured Overnight Financing Rate at date of borrowing plus 2.30% per annum; or (iii) interest rate of 0.57% to 3.30% per annum. The Group's 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.

## 12. CONVERTIBLE NOTE

On 18 April 2023, the Group entered into a merger agreement with Mynd.ai, pursuant to which Mynd.ai would acquire 100% equity interest of the education business of the Group outside of the PRC, by the issues of 426,422,218 shares of new ordinary shares of Mynd.ai as consideration of the transactions (the "Merger").

Immediate after the completion of the Merger on 13 December 2023, Mynd.ai issued a senior secured convertible note (the "Convertible Note") in a principal amount of USD65 million (equivalent to RMB461 million) to Nurture Education (Cayman) Limited. The Convertible Note bears (i) cash interest at the rate of 5.00% per annum; and (ii) paid-in-kind ("PIK") interest at the rate of 5.00% per annum by way of issuing additional number of the Convertible Note equivalent to the PIK interest in the relevant year should the pre-determined conditions be fulfilled in the relevant year(s).

All of the cash interest and PIK interest (if any) is payable semi-annually in June and December of each year. Mynd.ai prepaid the cash interest due for the year ended 31 December 2024 at the time of issuance of the Convertible Note. PIK interest is payable by issuing additional notes.

The Convertible Note is denominated in USD.

### Convertible option

The Convertible Note is a senior secured obligation of Mynd.ai and will mature on 13 December 2028, unless earlier redeemed, repurchased or converted. The initial conversion rate per USD1 principal amount of the Convertible Note is equal to USD1 divided by 115% of the consideration per ordinary share of the Merger as defined under the Convertible Note agreement, or USD2.0226 (the "Initial Conversion Price"). The conversion rate is subject to adjustment under certain circumstances in accordance with the terms of the Convertible Note. The Convertible Note is convertible at the option of the holder at any time until the outstanding principal amount (including any accrued and unpaid interest) has been paid in full. Subject to the terms of the Convertible Note, the holder may elect to receive the American Depositary Shares in lieu of the Mynd.ai's ordinary shares, par value USD0.001 per share upon conversion of the Convertible Note.

### Embedded derivative features of the Convertible Note

Certain features of the Convertible Note including the conversion option, redemption right at the Mynd.ai's election, and acceleration of amounts due under the Convertible Note upon an event of default require bifurcation and accounted for separately as embedded derivatives.

At initial recognition, the embedded derivative of the Convertible Note was classified as derivative financial instrument. The fair value of the derivative financial instrument was RMB1 million and RMB1 million at 30 June 2026 and 31 December 2025, respectively.

The effective interest rate of the debt host component is 15.80%. The movements of the debt host component of the Convertible Note for the period/year are set out as below:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***(Unaudited)*** | *(Audited)* |
| | ***RMB million*** | *RMB million* |
| At 1 January | **428** | 396 |
| Interest accrued | **34** | 66 |
| Settlement of interest | **(12)** | (25) |
| Exchange adjustments | **(13)** | (9) |
| | **437** | 428 |

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2026, the Group had restricted bank deposit, pledged bank deposits, bank deposits with original maturity over three months and cash and cash equivalents of approximately RMB3,478 million (31 December 2025: RMB3,940 million). The gearing ratio (consolidated bank borrowings/consolidated total equity) was 0.40 (31 December 2025: 0.44). As at 30 June 2026, total bank borrowings of the Group amounted to approximately RMB2,065 million (31 December 2025: RMB2,356 million) which included variable-rate loan of RMB47 million (31 December 2025: RMB66 million) and fixed-rate loan of RMB2,018 million (31 December 2025: RMB2,290 million). The bank borrowings as at 30 June 2026 and 31 December 2025 were secured by pledge of certain properties, right-of-use assets and pledged bank deposits of the Group and corporate guarantee provided by the Company and its subsidiaries.

As at 30 June 2026, the Group had net current assets of approximately RMB1,252 million as compared with approximately RMB1,126 million as at 31 December 2025.

## STAFF INFORMATION

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

| | **As at 30 June 2026** | As at 31 December 2025 | As at 30 June 2025 |
|---|---|---|---|
| Research and development | **986** | 1,360 | 1,556 |
| Selling and marketing | **335** | 415 | 539 |
| Accounting, finance and general administration | **577** | 775 | 793 |
| Production | **659** | 511 | 520 |
| Total | **2,557** | 3,061 | 3,408 |

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

As at 30 June 2026, 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 and through a controlled corporation | 224,567,919 (L) | 42.27% |
| | | Deemed interests of treasury shares held by the Company | 5,162,284 (L) | 0.97% |
| Leung Lim Kin, Simon *(Note 3)* | The Company | Beneficial owner and beneficiary of a trust | 6,139,040 (L) | 1.16% |
| Liu Luyuan *(Note 2)* | The Company | Beneficial owner and founder of a trust | 224,567,919 (L) | 42.27% |
| | | Deemed interests of treasury shares held by the Company | 5,162,284 (L) | 0.97% |
| Liu Luyuan | Fujian NetDragon Websoft Co., Ltd. ("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% |
| Lin Yun *(Note 5)* | The Company | Beneficial owner | 1,211,100 (L) | 0.23% |
| 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% |

*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% 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 1.93% of the Shares which is represented by beneficial interest of 10,264,000 Shares.

   Liu Luyuan is interested in 4.37% of the Shares which is represented by interest held as founder of a trust holding in aggregate of 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 42.27% of the Shares through their direct and deemed shareholding in all of DJM Holding Ltd., a trust of Liu Luyuan, and their respective shares held as beneficial owner in each of their personal capacities.

   As at 30 June 2026, there were 5,162,284 Shares repurchased and held as treasury shares. Liu Dejian, Liu Luyuan and DJM Holding Ltd., who control more than one-third of the voting power at the general meetings of the Company, are taken to have an interest in these treasury shares of the Company.

3. Leung Lim Kin, Simon is interested in 1.16% of the Shares which is represented by beneficial interest of 1,899,040 Shares, a beneficiary of a trust of 240,000 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. Lin Yun is interested in 0.23% of the Shares which is represented by personal interest of 1,211,100 Shares.

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.

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2026, 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 30 June 2026, 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 *(Note 1)* | Approximate percentage of shareholding |
|---|---|---|---|---|
| DJM Holding Ltd. | The Company | Beneficial owner | 191,078,100 (L) | 35.97% |
| | | Deemed interests of treasury shares held by the Company *(Note 2)* | 5,162,284 (L) | 0.97% |

*Notes:*

1. The letter "L" denotes the shareholder' s long position in the share capital of the relevant member of the Group.

2. As at 30 June 2026, there were 5,162,284 Shares repurchased and held as treasury shares. Liu Dejian, Liu Luyuan and DJM Holding Ltd., who control more than one-third of the voting power at the general meetings of the Company, are taken to have an interest in these treasury shares of the Company.

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 issued voting shares of any other member of the Group as at 30 June 2026.

## 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.

The total number of shares available for issue under the Existing Share Schemes shall not exceed 52,766,253, representing 10.03% of the Shares (excluding treasury shares) as at the date of this announcement.

During the six months ended 30 June 2026, no share options and no 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 as at 1 January 2026 and 30 June 2026 were 52,766,253. 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 as at 1 January 2026 and 30 June 2026 were 5,312,625.

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.

For the 2024 Share Option Scheme, HKD1 is payable on acceptance by of the share option by the grantee on or before 28 days after the offer date.

The exercise price in relation to each share option offered to an eligible participant shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of: (a) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant; (b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

As at 30 June 2026, no share options were granted under the 2024 Share Option Scheme. Details of the movements of the outstanding share options under the 2008 Share Option Scheme and the 2018 Share Option Scheme during the six months ended 30 June 2026 are as follows:

**2008 Share Option Scheme**

| Grantee | Date of grant | Exercise Price *HKD* | As at 1 January 2026 | Granted | Number of share options Exercised | Cancelled | Lapsed | As at 30 June 2026 |
|---|---|---|---|---|---|---|---|---|
| **Independent non-executive Directors** | | | | | | | | |
| Liu Sai Keung, Thomas | 31.03.2017 | 23.65 | 100,000 | – | – | – | – | 100,000 |
| **Total** | | | 100,000 | – | – | – | – | 100,000 |

**2018 Share Option Scheme**

| Grantee | Date of grant | Exercise Price *HKD* | As at 1 January 2026 | Granted | Number of share options Exercised | Cancelled | Lapsed | As at 30 June 2026 |
|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | |
| Leung Lim Kin, Simon | 24.01.2020 | 21.07 | 4,000,000 | – | – | – | – | 4,000,000 |
| **Independent non-executive Directors** | | | | | | | | |
| Liu Sai Keung, Thomas | 24.01.2020 | 21.07 | 100,000 | – | – | – | – | 100,000 |
| **Total** | | | 4,100,000 | – | – | – | – | 4,100,000 |

*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.

The 2024 Share Award Scheme was adopted for the purpose to (i) enable the Company to grant awarded shares to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and (ii) to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the objectives of motivating the eligible participants to optimise their performance efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the longterm growth of the Group.

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.

Unless the Board at their absolute discretion otherwise determine on a case-by-case basis, the awarded shares shall be granted to a selected participant at no consideration as to align with the purpose to reward the eligible participants who have contributed or will contribute to the Group. The Board may determine in its absolute discretion the purchase price of the awarded shares (if any) and the period within which any such payments must be made, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the awarded shares and the characteristics and profile of the relevant selected participant.

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 30 June 2026, no awarded shares were granted under the 2024 Share Award Scheme.

Details of the outstanding awarded shares under the 2024 Share Award Scheme during the six months ended 30 June 2026 are as follows:

| | | Number of awarded shares | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Grantee** | **Date of grant** | **As at 1 January 2026** | **Granted** | **Vested** | **Cancelled** | **Lapsed** | **As at 30 June 2026** | **Vesting Period** |
| **Executive Director** | | | | | | | | |
| Leung Lim Kin, Simon | 02.04.2025 | 240,000 | – | 120,000 | – | – | 120,000 | 02.04.2025 – 02.04.2027 |

Note 1: Purchase price is not applicable as the awarded shares under the 2024 Share Award Scheme are granted at nil consideration.

Note 2: The closing price of the Shares immediately before the date on which the awarded shares were granted on 2 April 2025 was HKD10.48.

Note 3: The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested on 2 April 2026 was HKD9.08.

Note 4: The fair value of the awarded shares granted on 2 April 2025 was HKD4 million. It is determined based on the closing market price of the Shares as at the date of grant.

Note 5: No awards were granted during the six months ended 30 June 2026. Hence, number of Shares that may be issued in respect of awards granted under the Existing Share Schemes during the period divided by the weighted average number of Shares in issue (excluding treasury shares) for the period ended 30 June 2026 was not applicable.

## 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 six months ended 30 June 2026.

## INTERIM DIVIDEND

On 27 August 2026, the Board has resolved to declare an interim dividend of HKD0.50 per share for the six months ended 30 June 2026 (2025: interim dividend of HKD0.50 per share). The interim dividend will be paid to the shareholders whose names appeared on the register of members of the Company on 11 September 2026. It is expected that the interim dividend will be distributed on or around 30 October 2026.

## CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend will be Friday, 11 September 2026. The register of members of the Company will be closed from Friday, 11 September 2026 to Monday, 14 September 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend for the six months ended 30 June 2026, all share transfers 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 not later than 4:30 p.m. on Thursday, 10 September 2026.

## 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

Mr. Lin Dongliang ("Mr. Lin") has retired and ceased to be a non-executive Director of the Company with effect from 1 June 2026. For further details, please refer to the announcement of the Company dated 1 June 2026.

Throughout the period 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.

## 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.

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

The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. The Group's interim results for the six months ended 30 June 2026 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 six months ended 30 June 2026, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares).

As at 30 June 2026, the Company held 5,162,284 treasury shares. During the six months ended 30 June 2026, the Company transferred 171,216 treasury shares to the trustee of the 2024 Share Award Scheme. The Company intends to use the treasury shares, when the Company considers to be necessary and expedient, for (i) the settlement of the underlying shares upon the exercise and/or vesting of share awards pursuant to the share schemes adopted by the Company; and (ii) the sale of treasury shares subject to the compliance with the Listing Rules.

By Order of the Board
**NetDragon Websoft Holdings Limited**
**Liu Dejian**
*Chairman*

Hong Kong, 27 August 2026

*As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Liu Dejian, Dr. Leung Lim Kin, Simon, Mr. Liu Luyuan, Mr. Chen Hongzhan and Ms. Lin Yun; and three independent non-executive Directors, namely Mr. Li Sing Chung Matthias, Mr. Liu Sai Keung, Thomas and Dr. Lo Wing Yan William.*