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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

### **BUSINESS REVIEW AND OUTLOOK**

NetDragon Websoft Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) maintained stable operations despite temporary challenges in the first half of 2025. The gaming business advanced its execution under the established ‘Evergreen Operation Plan’. While this led to short-term revenue fluctuations, gaming performance has now stabilised, showing only a marginal HoH decline in revenue. Meanwhile, Mynd.ai business was affected by external factors including increased tariffs and softening demand in its key markets. While challenges persist, our efforts to streamline operations and enhance cost efficiency have resulted in a 15.6% YoY reduction in the Company’s operating expenses with full impact anticipated in the second half of 2025 and beyond, paving the way for future profitability.

We are confident in our long-term sustainable growth and value-creation potential. With solid results from multiple strategic investments and robust cash reserves, we are well positioned to further our commitment of enhancing shareholder returns. The board (“Board”) of directors (“Directors”) of the Company has approved an interim dividend of HKD0.50 per ordinary share, representing an increase of 25% YoY, and a distribution of no less than HKD600 million to our shareholders over the next 12 months through a combination of dividend payments and share repurchases (Shareholder Return Program).

For the longer term of development, we fully embraced the new artificial intelligence (AI) era and upheld our vision of ‘Infinite Growth’, while further advancing the execution of our dual-focus strategy - ‘AI+Gaming’ and ‘AI+Education’. In the gaming sector, our evergreen flagship IP *Eudemons* continued to elevate content quality and launched a series of cross-over collaborations with cultural heritage projects and public welfare initiatives, leading to sustained growth in user engagement. Meanwhile, our *Conquer* IP delivered solid progress in overseas expansion and content monetisation. The ‘Content + Esports’ engine for *Heroes Evolved* IP proved to be a significant success. In the education sector, we implemented a systematic restructuring of our domestic EdTech businesses, sharpening our focus on core AI-powered projects such as country-level platforms, as well as the vocational education business. Our U.S.-listed subsidiary, Mynd.ai, successfully launched its next-generation integrated solution, ActivPanel 10® and Promethean ActivSuite® software, and reached an agreement to acquire an award-winning AI voice assistant technology, leveraging our vast user base to further enhance our SaaS offerings. In addition, we introduced Zhongke WengAI (“Wenge”), a leading AI large language model company in China, as

a strategic shareholder of our Hong Kong-based subsidiary Cherrypicks to support its AI evolution. In August 2025, Cherrypicks and Wenge jointly released three co-developed AI applications: the international version of X-Agent (AI-powered zero-code enterprise agent factory), WiSky (multilingual intelligence platform with AI-powered social listening for global decisions), and YoYa (multimodal creative studio with AI-powered all-in-one intelligent audio-video synthesis). This milestone marks the first time that China's core AI technologies have been brought to global markets under the lead of a Hong Kong enterprise. In early June of this year, we unveiled our strategy of empowering global digital education development through AI Content Factory at the United Nations High-level Expert Group Meeting in New York, as we move forward with partners to build a global education metaverse platform.

## **Gaming and Application Services Business**

Revenue from our gaming and application services amounted to RMB1.7 billion in the first half of 2025, representing a decrease of 18.1% YoY and a slight decrease of 4.3% HoH. We remain committed to long-term operations and the development of evergreen IPs. While revenue experienced a temporary decline due to certain short-term factors, we continued to enhance player experience, drive user growth, and strengthen engagement - laying a solid foundation for the long-term sustainability of our gaming business. With the continued progress of business optimisation, segmental operating expenses have been effectively controlled, representing a decrease of 14.7% YoY, while core segmental profit rebounded HoH to RMB501 million, demonstrating strong resilience and positive recovery momentum.

**In the gaming sector, the deployment of the AI Content Factory further enhanced operational efficiency:** The overall workforce structure has been enhanced to further align with the AI era, thereby strengthening team capability and cohesion, which led to a 26.7% YoY reduction in R&D costs across the gaming and application service segment. Alongside cost optimisation, our "AI+" strategy has also significantly boosted our efficiency: different gaming teams under the same IP now collaborate more effectively through the AI Content Factory, achieving better integration and greatly enhancing cross-version content collaboration and automated generation capabilities. Our R&D and innovation efforts also closely align with the AI trends: Our major new title, *Code-MY*, started its closed beta testing for IP users in August 2025, with preparations for its official launch underway. The mobile game *Code-Alpha* is preparing to expand into multiple overseas markets. With the support of AI Content Factory, our flagship IP *Eudemons* will be able to efficiently roll out multi-language versions, opening new opportunities overseas. Meanwhile, *Legend of Eudemons* was successfully launched on several mini game platforms in the first half of 2025, further enhancing the IP's influence. In addition, our other self-developed IPs such as *Under Oath* and *Zero Online*, are scheduled for release through publishing and licensing partnerships, bringing in additional revenue. Looking forward, we are positioning the long-term R&D focus on AI-native games. We have already built preliminary capabilities in AIGC graphical design, multi-agent collaboration, intelligent NPC, closed-loop data iteration, data safety and compliance, planning to roll out prototypes by phases to lay the foundation for next-generation gaming innovation.

**In the application services sector, we further advance our strategy of fully embracing the new AI era:** Our domestic EdTech business will focus on core AI-powered projects such as country-level platforms, as well as vocational education business. In Thailand, our AI-driven vocational education project collaborated with the Ministry of Higher Education, Science, Research, and Innovation (MHESI) was officially launched, providing nationwide training in fields such as new electric vehicles for university students and the broader youth community. Supported by the World Bank, we signed a cooperation agreement with the Ministry of Secondary Education of Cameroon (MINESEC) to enhance digital education in the country, with the aim of improving education equity and teaching quality. Our Hong Kong-based subsidiary Cherrypicks successfully secured strategic investment from Wenge and will serve as its sole overseas commercialisation and go-to-market platform, facilitating the rollout of China's leading AI technologies in Hong Kong,

Macau, and overseas markets. Wenge's "YaYi" large language model and its AI- Scientist Agent ranked first across two global AI Agent benchmarks in 2025, underscoring its world-class R&D capabilities. In August 2025, Cherrypicks and Wenge jointly launched AI applications including social listening and multimodal content creation tools globally. Leveraging Hong Kong's position as an international innovation and technology hub and its multilingual environment, these products will expand into overseas markets such as Southeast Asia, Europe, and the U.S. Beyond creating new revenue streams, this strategic partnership will further strengthen our AI capabilities and resources.

**Beyond the gaming and application services business, the strategic value of the Company's initiatives in frontier technologies and the AI+ ecosystem continues to materialise:** Our investee in AI edge devices successfully launched a new generation of AI glasses, marking a key breakthrough in consumer applications. In cultural creativity and IP operations, the influence of our investee's flagship IP portfolio further expanded, driving stronger commercialisation. As of 30 June 2025, we hold approximately 12,000 units of Ethereum with fair value of RMB211 million based on the prevailing market value. Going forward, we will continue to focus our strategic investments on frontier technologies including AI, XR, robotics, and blockchain, as well as the cultural innovation sector, ensuring solid synergy effects with our core businesses.

## **Mynd.ai**

Notwithstanding industry-wide softening throughout most of our key geographic markets, customer budget uncertainties, and increased tariffs, we are focused on positioning Mynd.ai for future success. The introduction of our next-generation integrated solution, ActivPanel 10® and Promethean ActivSuite® software, is the first step in the transformation of our core offerings designed to enhance cybersecurity, facilitate a seamless "plug and play" experience with customers' existing technology, and lower lifetime cost of ownership. The accelerated product portfolio evolution is further enabled and enhanced by our continued focus on various cost optimisation initiatives designed to improve our competitive positioning in the market and facilitate further investments in our business. On the investment front, we are very excited to highlight our entry into an agreement to acquire an award-winning AI voice assistant technology, which we expect to complete during the third quarter of 2025. We believe that this acquisition will allow us to accelerate and evolve our AI-enabled solution roadmap and significantly enhance the interaction of the full ecosystem of software and hardware offerings in a classroom.

The key financial highlights for Mynd.ai in the first half of 2025 are as follows:

- Revenue of RMB641 million compared to RMB1,180 million for the same period in the prior year, with the decrease primarily driven by declines in customer spending due to budgetary reductions caused by economic uncertainty
- Core segmental loss of RMB195 million, compared to a loss of RMB111 million for the same period in the prior year
- Cash flow from continuing operations decreased by RMB239 million compared to the same period in the prior year, with cash reserves of RMB208 million as of 30 June 2025
- Reduced outstanding indebtedness by RMB53 million since year end of 2024
- Management continuing to implement cost saving measures to mitigate effects of education technology market headwinds

## FINANCIAL HIGHLIGHTS AND REVIEW

### 2025 First Half Financial Highlights

- Revenue was RMB2.4 billion, representing a 27.9% decrease YoY.
- Revenue from the gaming and application services was RMB1.7 billion, representing 73.0% of the Group's total revenue, and reflecting an 18.1% decrease YoY but the performance has stabilized with a 4.3% decrease HoH.
- Revenue from Mynd.ai business was RMB641 million, representing 26.9% of the Group's total revenue and a 45.7% decrease YoY, reflecting the extended demand adjustment caused by economic uncertainty.
- Gross profit was RMB1.7 billion, representing a 24.7% decrease YoY, whereas gross profit margin increased 2.9 percentage points to 69.5% YoY.
- Operating expenses decreased by 15.6% YoY to RMB1.4 billion, reflecting the early impact of our cost reduction and efficiency improvement measures, which are expected to be fully realised in the second half of 2025.
- Profit attributable to owners of the Company was RMB30 million, representing a 92.5% decrease YoY affected by an impairment loss of intangible assets as of 30 June 2025 which is expected to fully reverse in the second half of 2025 based on the current market price, as well as one-off expenses associated with the staff optimisation plan. Excluding these two items, the decrease in adjusted profit attributable to owners of the Company significantly narrowed.
- The Company declared an interim dividend of HKD0.50 per ordinary share for the six months ended 30 June 2025.

## Segmental Financial Highlights

(RMB million)	2025 First Half		2024 First Half	
	Gaming and application services	Mynd.ai business	Gaming and application services	Mynd.ai business
Revenue	1,738	641	2,121	1,180
Gross profit	1,498	163	1,849	351
Gross margin	86.2%	25.4%	87.2%	29.7%
Core segmental profit (loss)	501	(195)	688	(111)
Segmental operating expenses <sup>1</sup>				
– Research and development	(436)	(104)	(595)	(101)
– Selling and marketing	(197)	(139)	(210)	(139)
– Administrative	(330)	(118)	(324)	(200)

Note 1: Segmental operating expenses exclude unallocated expenses/income such as directors' emoluments 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 2025 together with the comparative figures in 2024 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	NOTES	RMB million	RMB million
Revenue	4	2,381	3,301
Cost of revenue		(726)	(1,102)
Gross profit		1,655	2,199
Other income and gains		89	130
Impairment loss under expected credit loss model, net of reversal		(4)	9
Selling and marketing expenses		(336)	(352)
Administrative expenses		(474)	(551)
Research and development costs		(540)	(696)
Other expenses and losses		(279)	(103)
Share of results of associates and joint ventures		5	(2)
Operating profit		116	634
Interest income on pledged bank deposits		12	–
Exchange (loss) gain on pledged bank deposits, financial assets at fair value through profit or loss, bank borrowings, convertible and exchangeable bonds and derivative financial instruments		(8)	2
Fair value change on financial assets at fair value through profit or loss		(6)	77
Fair value change on derivative financial instruments		15	70
Finance costs		(67)	(81)
Profit before taxation		62	702
Taxation	5	(93)	(397)
(Loss) profit for the period		(31)	305

	<i>NOTE</i>	<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>(Unaudited)</b> <b>RMB million</b>	<b>(Unaudited)</b> <b>RMB million</b>
Other comprehensive income (expense) 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		<b>16</b>	<b>1</b>
Item that will not be reclassified to profit or loss:			
Fair value change on equity instruments at fair value through other comprehensive income		<u><b>–</b></u>	<u><b>(12)</b></u>
Other comprehensive income (expense) for the period		<u><b>16</b></u>	<u><b>(11)</b></u>
Total comprehensive (expense) income for the period		<u><b>(15)</b></u>	<u><b>294</b></u>
(Loss) profit for the period attributable to:			
– Owners of the Company		<b>30</b>	<b>400</b>
– Non-controlling interests		<u><b>(61)</b></u>	<u><b>(95)</b></u>
		<u><b>(31)</b></u>	<u><b>305</b></u>
Total comprehensive (expense) income for the period attributable to:			
– Owners of the Company		<b>41</b>	<b>388</b>
– Non-controlling interests		<u><b>(56)</b></u>	<u><b>(94)</b></u>
		<u><b>(15)</b></u>	<u><b>294</b></u>
		<b>RMB cents</b>	<b>RMB cents</b>
<b>Earnings per share</b>	<b>7</b>		
– Basic		<b>5.57</b>	<b>75.46</b>
– Diluted		<u><b>5.57</b></u>	<u><b>75.46</b></u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

		<b>30 June 2025</b>	31 December 2024
		<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>NOTES</i>	<i>RMB million</i>	<i>RMB million</i>
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>2,268</b>	2,315
Right-of-use assets	8	<b>360</b>	394
Investment properties		<b>46</b>	50
Goodwill		<b>315</b>	312
Intangible assets	8	<b>720</b>	784
Interests in associates and joint ventures		<b>63</b>	50
Equity instruments at fair value through other comprehensive income		<b>8</b>	8
Financial assets at fair value through profit or loss		<b>415</b>	516
Loan receivables		<b>21</b>	29
Other receivables, prepayments and deposits		<b>282</b>	288
		<b>4,498</b>	4,746
<b>Current assets</b>			
Properties under development		<b>71</b>	70
Properties for sale		<b>264</b>	272
Inventories		<b>216</b>	238
Financial assets at fair value through profit or loss		<b>289</b>	191
Loan receivables		<b>158</b>	125
Trade receivables	9	<b>447</b>	454
Bills receivables		<b>–</b>	1
Other receivables, prepayments and deposits		<b>479</b>	469
Tax recoverable		<b>31</b>	39
Pledged bank deposits		<b>1,646</b>	1,114
Bank deposits with original maturity over three months		<b>425</b>	215
Cash and cash equivalents		<b>1,701</b>	2,498
		<b>5,727</b>	5,686

		<b>30 June 2025 (Unaudited) RMB million</b>	<b>31 December 2024 (Audited) RMB million</b>
	<i>NOTES</i>		
<b>Current liabilities</b>			
Trade and other payables	10	1,271	1,284
Contract liabilities		333	454
Lease liabilities		54	58
Provisions		114	113
Derivative financial instruments		6	21
Bank borrowings	11	2,255	1,729
Convertible and exchangeable bonds	12	–	295
Convertible note	13	415	396
Tax payable		68	64
		<u>4,516</u>	<u>4,414</u>
<b>Net current assets</b>		<u>1,211</u>	<u>1,272</u>
<b>Total assets less current liabilities</b>		<u>5,709</u>	<u>6,018</u>
<b>Non-current liabilities</b>			
Other payables	10	4	5
Lease liabilities		48	71
Deferred tax liabilities		70	76
		<u>122</u>	<u>152</u>
<b>Net assets</b>		<u><u>5,587</u></u>	<u><u>5,866</u></u>
<b>Capital and reserves</b>			
Share capital		39	39
Share premium and reserves		5,580	5,788
Equity attributable to owners of the Company		5,619	5,827
Non-controlling interests		(32)	39
		<u><u>5,587</u></u>	<u><u>5,866</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NOTES</b>		<b>RMB million</b>	<b>RMB million</b>
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>		<b>(63)</b>	<b>259</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	(55)	(66)
Placement of bank deposits with original maturity over three months		(318)	(100)
Withdrawal of bank deposits with original maturity over three months		108	214
Placement of pledged bank deposits		(1,293)	(310)
Withdrawal of pledged bank deposits		761	–
Purchase of intangible assets	8	(341)	(289)
Proceeds from disposal of intangible assets		233	341
Interest received		31	27
Purchase of financial assets at fair value through profit or loss		(1,417)	(2,097)
Proceeds from disposal of financial assets at fair value through profit or loss		1,435	2,030
Other investing activities		(40)	3
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(896)</b>	<b>(247)</b>
<b>FINANCING ACTIVITIES</b>			
New bank borrowings raised	11	1,242	863
Repayment of bank borrowings	11	(706)	(580)
Repayment of lease liabilities		(32)	(53)
Dividend paid		–	(65)
Redemption of convertible and exchangeable bonds	12	(293)	–
Acquisition of partial interest of subsidiaries		(3)	(9)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>208</b>	<b>156</b>

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB million	RMB million
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(751)	168
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,498	2,241
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(46)</u>	<u>(27)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>1,701</u></u>	<u><u>2,382</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 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 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

### Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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 2025 (Unaudited)				
	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	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
	<u>1,738</u>	<u>641</u>	<u>2</u>	<u>2,381</u>

Six months ended 30 June 2024 (Unaudited)				
	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	1,862	–	–	1,862
Sales of education equipment and related goods	129	992	–	1,121
Revenue from educational services	88	188	–	276
Revenue from provision of mobile solution, products and marketing services	42	–	–	42
Revenue from property development	–	–	–	–
	<u>2,121</u>	<u>1,180</u>	<u>–</u>	<u>3,301</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.

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

**Six months ended 30 June 2025 (Unaudited)**

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

**Six months ended 30 June 2024 (Unaudited)**

	<b>Gaming and application services <i>RMB million</i></b>	<b>Mynd.ai business <i>RMB million</i></b>	<b>Property development <i>RMB million</i></b>	<b>Total <i>RMB million</i></b>
Segment revenue	<u>2,121</u>	<u>1,180</u>	<u>–</u>	<u>3,301</u>
Segment profit (loss)	<u>758</u>	<u>(71)</u>	<u>(4)</u>	<u>683</u>
Unallocated other income and gains				54
Unallocated corporate expenses and losses				(35)
Profit before taxation				<u>702</u>

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:

	<b>30 June 2025 (Unaudited) <i>RMB million</i></b>	<b>31 December 2024 (Audited) <i>RMB million</i></b>
Gaming and application services	6,757	6,340
Mynd.ai business	1,598	1,932
Property development	<u>762</u>	<u>757</u>
Total segment assets	9,117	9,029
Unallocated	<u>1,108</u>	<u>1,403</u>
	<u>10,225</u>	<u>10,432</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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB million</b>	<b>RMB million</b>
The tax charge comprises:		
Hong Kong Profits Tax		
– Current period	<u>17</u>	<u>31</u>
PRC Enterprise Income Tax		
– Current period	<b>74</b>	85
– Under (over) provision in prior years	<b>3</b>	(8)
– Withholding tax	<u>2</u>	<u>–</u>
	<u><b>79</b></u>	<u>77</u>
Taxation in other jurisdictions		
– Current period	<u>2</u>	<u>2</u>
Deferred tax		
– Current period	<u>(5)</u>	<u>287</u>
	<u><b>93</b></u>	<u><b>397</b></u>

## 6. DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB million</b>	<b>RMB million</b>
Dividends recognised as distribution during the period:		
2024 final dividend – Hong Kong dollar (“HKD”) 0.50		
(2024: 2023 final dividend – HKD0.40) per share	<u><b>246</b></u>	<u>193</u>

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 HKD266 million (equivalent to RMB242 million), will be paid to the shareholders of the Company whose names appear in the register of members on 12 September 2025.



## 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:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB million</b>	<b>RMB million</b>
Earnings for the purpose of basic and diluted earnings per share:		
– Profit for the period attributable to the owners of the Company	<b>30</b>	<b>400</b>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>'000</b>	<b>'000</b>
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)	<b>531,133</b>	<b>531,074</b>

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 do not assume the exercise of the restricted stock units ("RSUs") granted by Mynd.ai Inc. ("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 RMB55 million (six months ended 30 June 2024: RMB66 million) for the acquisition of property, plant and equipment to expand its operations which mainly included RMB30 million (six months ended 30 June 2024: RMB20 million) in plant and equipment and RMB18 million (six months ended 30 June 2024: RMB40 million) in construction in progress.

During the current interim period, the Group entered into several new lease agreements ranging from 1 to 2 years (six months ended 30 June 2024: 2 to 3 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 RMB8 million (six months ended 30 June 2024: RMB142 million) and lease liabilities of RMB8 million (six months ended 30 June 2024: RMB141 million).

During the current interim period, the Group paid approximately RMB341 million (six months ended 30 June 2024: RMB289 million) for the acquisition of intangible assets, of which an amount of approximately United States dollar ("USD") 42 million (equivalent to RMB305 million) (six months ended 30 June 2024: USD33 million (equivalent to RMB234 million)) was for acquisition of cryptocurrencies. In addition, the Group disposed of certain cryptocurrencies with an aggregate carrying amount of USD32 million (equivalent to RMB233 million) (six months ended 30 June 2024: USD41 million (equivalent to RMB290 million)), resulting in a gain on disposal of less than RMB1 million (six months ended 30 June 2024: RMB51 million) during the current interim period. During the six months ended 30 June 2025, 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 RMB92 million (six months ended 30 June 2024: nil).

## 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:

	<b>30 June 2025 (Unaudited) RMB million</b>	<b>31 December 2024 (Audited) RMB million</b>
0 – 30 days	180	224
31 – 60 days	103	52
61 – 90 days	10	26
Over 90 days	154	152
	<b>447</b>	<b>454</b>

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2025 (Unaudited) RMB million</b>	<b>31 December 2024 (Audited) RMB million</b>
Trade payables (Note a)	338	382
Accrued staff costs	177	324
Deferred income (Note b)	7	9
Other tax payables	22	31
Payables for purchase of property, plant and equipment	165	166
Consideration payables	3	3
Accrued expenses	112	137
Dividend payable	242	–
Others (Note c)	209	237
	<b>1,275</b>	<b>1,289</b>
Analysed for financial reporting purpose:		
Non-current	4	5
Current	1,271	1,284
	<b>1,275</b>	<b>1,289</b>

Notes:

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

	<b>30 June 2025 (Unaudited) RMB million</b>	31 December 2024 (Audited) RMB million
0 – 90 days	224	171
91 – 180 days	50	142
181 – 365 days	12	23
Over 365 days	52	46
	<b>338</b>	<b>382</b>

- (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 RMB1,242 million (six months ended 30 June 2024: RMB863 million), and repaid bank loans amounted to RMB706 million (six months ended 30 June 2024: RMB580 million). The bank borrowings as at 30 June 2025 carry interest at (i) one-month Hong Kong Interbank Offered Rate (“HIBOR”) plus 2.20% or 2.35% per annum; (ii) Secured Overnight Financing Rate at date of borrowing plus 2.30%; (iii) one-year Loan Prime Rate of China less 0.85% to 0.87%; or (iv) interest rate of 0.98% to 3.30% per annum. The secured portion of 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 2024 carried interest at (i) one-month HIBOR plus 2.20% or 2.35% per annum; (ii) three-month Bloomberg Short-Term Bank Yield Rate two business days prior to date of borrowing plus 2.30%; or (iii) interest rate of 0.77% to 3.60% per annum. The secured portion of 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 AND EXCHANGEABLE BONDS

On 9 March 2020, Best Assistant Education Online Limited (“Best Assistant”), an indirect wholly owned subsidiary of the Company, issued convertible and exchangeable bonds with an aggregate principal amount of USD150 million (equivalent to RMB1,039 million) to Nurture Education (Cayman) Limited (the “Nurture Education”), an independent third party. Simultaneously, the Company issued unlisted warrants to the Nurture Education in March 2020.

The warrants shall entitle the Nurture Education to subscribe for ordinary shares of the Company. The convertible and exchangeable bonds are exercisable at the option of bondholders, in whole or in part and can be exchangeable for ordinary shares of Mynd.ai at any time and from time to time during the exchange period. The convertible and exchangeable bonds bear interest accruing at a rate of 5.00% per annum on the aggregate principal amount of the convertible and exchangeable bonds and will be due on the fifth anniversary from the bond issue date. The convertible and exchangeable bonds are denominated in USD. At initial recognition, the convertible and exchangeable option was classified as derivative financial instrument. The fair value of the convertible and exchangeable option was insignificant and the carrying amount is recognised as nil at initial recognition and at 31 December 2024. The convertible and exchangeable option matured on 9 March 2025.

The effective interest rate of the debt host component is 16.62%. The movement of the debt host component of the convertible and exchangeable bonds for the period/year is set out as below:

	<b>30 June 2025 (Unaudited) RMB million</b>	31 December 2024 (Audited) RMB million
At 1 January	295	256
Redemption/settlement ( <i>Note</i> )	(302)	(9)
Interest accrued	9	44
Exchange adjustments	(2)	4
	<u>–</u>	<u>295</u>

*Note:* During the period ended 30 June 2025, Best Assistant redeemed the remaining principal amount of USD25 million (equivalent to RMB179 million) at an aggregate consideration of USD42 million (equivalent to RMB302 million). Aggregate carrying amount of redeemed portion is approximately USD42 million (equivalent to RMB302 million). As a result, no loss of redemption of the convertible and exchangeable bonds had been recognised in profit or loss during the period ended 30 June 2025. During the period ended 30 June 2025, total cash outflows for the redemption payment net of interest prepaid in prior period amounted to approximately USD41 million (equivalent to RMB293 million).

## 13. 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. 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 are 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 RMB21 million and RMB6 million at 31 December 2024 and 30 June 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 is set out as below:

	<b>30 June 2025 (Unaudited) RMB million</b>	<b>31 December 2024 (Audited) RMB million</b>
At 1 January	<b>396</b>	357
Interest accrued	<b>32</b>	57
Settlement of interest	<b>(12)</b>	(24)
Exchange adjustments	<b>(1)</b>	6
	<b>415</b>	<b>396</b>

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2025, the Group had pledged bank deposits, bank deposits with original maturity over three months and cash and cash equivalents of approximately RMB3,772 million (31 December 2024: RMB3,827 million). The gearing ratio (consolidated bank borrowings/consolidated total equity) was 0.40 (31 December 2024: 0.29). As at 30 June 2025, total bank borrowings of the Group amounted to approximately RMB2,255 million (31 December 2024: RMB1,729 million) which included variable-rate loan of RMB205 million (31 December 2024: RMB128 million) and fixed-rate loan of RMB2,050 million (31 December 2024: RMB1,601 million). The bank borrowings of RMB2,255 million (31 December 2024: RMB1,718 million) 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, no bank borrowings (31 December 2024: RMB11 million) as at 30 June 2025 were unsecured.

As at 30 June 2025, the Group had net current assets of approximately RMB1,211 million as compared with approximately RMB1,272 million as at 31 December 2024.

## STAFF INFORMATION

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

	<b>As at 30 June 2025</b>	As at 31 December 2024	As at 30 June 2024 <i>(Restated)</i>
Research and development	<b>1,556</b>	2,505	3,165
Selling and marketing	<b>539</b>	669	772
Accounting, finance and general administration	<b>793</b>	856	907
Production	<b>520</b>	563	1,279
Total	<b>3,408</b>	4,593	6,123

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

As at 30 June 2025, 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 and beneficiary of a trust	6,139,040 (L)	1.16%
Liu Luyuan (Note 2)	The Company	Beneficial owner and founder of a trust	216,384,938 (L)	40.73%
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 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 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 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 1.16% 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 2025, 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 2025, 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%
IDG Group (Note 2)	The Company	Beneficial owner	34,504,320 (L)	6.49%
Ho Chi Sing (Note 2)	The Company	Through controlled corporations	34,504,320 (L)	6.49%
Zhou Quan (Note 2)	The Company	Through controlled corporations	32,808,018 (L)	6.18%
Zheng Hui (deceased) (Note 3)	The Company	Beneficial owner and through controlled corporations	34,437,519 (L)	6.48%

### Notes:

- The letter "L" denotes the shareholder's long position in the share capital of the relevant member of the Group.
- 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 0.31% 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:
  - 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.
  - 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.
  - 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% of the issued share capital of Fitter Property Inc., which in turn was interested in 3.58% of the Shares of the Company. Zheng Hui was interested in 100% of the issued share capital of Eagle World International Inc., which in turn was interested in 2.62% of the Shares of the Company. Zheng Hui was also interested in 0.28% of the Shares of the Company 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 issued voting shares of any other member of the Group as at 30 June 2025.

## **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 30 June 2025, no share options and 360,000 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 52,766,253, representing 9.93% 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 30 June 2025, 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 2025 are as follows:

### 2008 Share Option Scheme

Grantee	Date of grant	Exercise Price <i>HKD</i>	As at 1 January 2025	Granted	Number of share options		Lapsed	As at 30 June 2025
					Exercised	Cancelled		
<b>Independent non-executive Directors</b>								
Lee Kwan Hung, Eddie (retired on 5 June 2025)	31.03.2017	23.65	100,000	–	–	–	100,000	0
Liu Sai Keung, Thomas	31.03.2017	23.65	100,000	–	–	–	–	100,000
<b>Others</b>								
Employees	31.03.2017	23.65	100,000	–	–	–	100,000	0
<b>Total</b>			<u>300,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>200,000</u>	<u>100,000</u>

### 2018 Share Option Scheme

Grantee	Date of grant	Exercise Price <i>HKD</i>	As at 1 January 2025	Granted	Number of share options		Lapsed	As at 30 June 2025
					Exercised	Cancelled		
<b>Executive Directors</b>								
Leung Lim Kin, Simon	24.01.2020	21.07	4,000,000	–	–	–	–	4,000,000
<b>Independent non-executive Directors</b>								
Lee Kwan Hung, Eddie (retired on 5 June 2025)	24.01.2020	21.07	100,000	–	–	–	100,000	0
Liu Sai Keung, Thomas	24.01.2020	21.07	100,000	–	–	–	–	100,000
<b>Others</b>								
Employees	24.01.2020	21.07	1,100,000	–	–	–	1,100,000	0
<b>Total</b>			<u>5,300,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,200,000</u>	<u>4,100,000</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 30 June 2025, 360,000 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 2025 are as follows:

Grantee	Date of grant	Number of awarded shares					As at 30 June 2025	Vesting Period
		As at 1 January 2025	Granted	Vested	Cancelled	Lapsed		
<b>Executive Director</b>								
Leung Lim Kin, Simon	02.04.2025	–	360,000	120,000	–	–	240,000	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 was HKD10.48.

## **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. 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 30 June 2025, no Convertible and Exchangeable Bonds were converted into ordinary shares of Best Assistant and no warrants were converted into Shares of the Company. The unlisted warrant was expired on 8 March 2025. The Convertible and Exchangeable Bonds were matured on 9 March 2025 and redeemed by Best Assistant.

## **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 2025.

## **INTERIM DIVIDEND**

On 28 August 2025, the Board has resolved to declare an interim dividend of HKD0.50 per share for the six months ended 30 June 2025 (2024: interim dividend of HKD0.40 per share). The interim dividend will be paid to the shareholders whose names appeared on the register of members of the Company on 12 September 2025. It is expected that the interim dividend will be distributed on or around 31 October 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The record date for the interim dividend will be Friday, 12 September 2025. The register of members of the Company will be closed from Friday, 12 September 2025 to Monday, 15 September 2025, 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 2025, 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, 11 September 2025.

## **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 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, except for the following deviation as explained:

Mr. Lee Kwan Hung, Eddie ("Mr. Lee") has retired and ceased to be an independent non-executive Director, chairman of the remuneration committee and the share award committee, member of the audit committee and the nomination committee of the Company with effect from 5 June 2025. For further details, please refer to the announcement of the Company dated 5 June 2025.

Following Mr. Lee's retirement, the total number of independent non-executive Directors was less than three and less than one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules, which resulted in the non-compliance with Rules 3.10(1) and 3.10A of the Listing Rules. The composition of the audit committee of the Company does not meet the requirement under Rule 3.23.

The Company will seek suitable candidate to fill the vacancy of independent non-executive Director and member of the audit committee of the Company within three months from 5 June 2025 pursuant to Rule 3.11 and Rule 3.23 of the Listing Rules, and make further announcement as and when appropriate.



## 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 two independent non-executive Directors, namely Li Sing Chung Matthias (the chairman of the Audit Committee) and Liu Sai Keung, Thomas.

The Company will seek suitable candidate to fill the vacancy of member of the Audit Committee within three months from 5 June 2025 pursuant to Rule 3.23 of the Listing Rules, and make further announcement as and when appropriate.

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 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, 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, 28 August 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 two independent non-executive Directors, namely Mr. Li Sing Chung Matthias and Mr. Liu Sai Keung, Thomas.*