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XD Inc.

心动有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2400)

**CONNECTED TRANSACTION
PURCHASE OF SERIES B1 PREFERRED SHARES
IN TARGET COMPANY**

THE PURCHASE

The Board is pleased to announce that, on August 4, 2025, the Purchaser (an indirect wholly-owned subsidiary of the Company), among other parties, entered into the Share Purchase Agreement with the Target Company, pursuant to which the Purchaser has conditionally agreed to subscribe for and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares, which represents approximately 5.30% of the issued share capital in the Target Company immediately after the Closing, on a fully-diluted and as-converted basis, for a consideration of US\$14,000,000. Upon the completion of the Purchase, the Purchaser will hold 5.30% equity interest in the Target Company and the Target Company will not become a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Target Company is owned as to 45.66% by Mr. Wu Meng, a non-executive Director. Accordingly, the Target Company is a connected person of the Company for the purpose of the Listing Rules, and the transactions contemplated under the Share Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Purchase is more than 0.1% but less than 5%, the Purchase is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on August 4, 2025, the Purchaser, among other parties, entered into the Share Purchase Agreement with the Target Company, pursuant to which the Purchaser has conditionally agreed to subscribe for and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares, which represents approximately 5.30% of the issued share capital in the Target Company immediately after the Closing, on a fully-diluted and as-converted basis, for a consideration of US\$14,000,000.

THE SHARE PURCHASE AGREEMENT

Date

August 4, 2025

Parties

1. the Purchaser;
2. the Target Company;
3. the Founder Parties; and
4. the Major Subsidiaries

Subject Matter

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to subscribe for and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares, which represents approximately 5.30% of the issued share capital in the Target Company immediately after the Closing, on a fully-diluted and as-converted basis, for a consideration of US\$14,000,000. Upon the completion of the Purchase, the Purchaser will hold 5.30% equity interest in the Target Company and the Target Company will not become a subsidiary of the Company.

Consideration and Payment Terms

The consideration payable by the Purchaser for the Purchase shall be US\$14,000,000, which shall be paid in cash by wire transfer of immediately available funds at the Closing. The consideration will be funded by internal resources of the Group.

Basis of Consideration

The consideration payable by the Purchaser for the Purchase was determined by the parties to the Share Purchase Agreement after arm's length negotiations with reference to, among others, (i) the issue price per Series B Preferred Share of USD1.80, as determined in the most recent financing round of the Target Company; (ii) the per share value of the Series B1 Preferred Shares (the "**Per Share Value**") assessed by an independent valuer of the Company (namely Roma Appraisals Limited, the "**Valuer**"), as of July 8, 2025 (the "**Date of Valuation**") based on Market Approach (as defined below), being USD1.98; (iii) the business development and future prospects of the Target Company, and the synergy of the Target Company with the Company; and (iv) the reasons for and benefits of the Purchase as stated under the section headed "Reasons for and Benefits of the Purchase" in this announcement.

Valuation of Per Share Value of the Series B1 Preferred Shares

According to the valuation report prepared by the Valuer (the "**Valuation Report**") for the valuation of Per Share Value, the Valuer has employed the Market Approach (as defined below) and the estimated Per Share Value as of the Date of Valuation was USD1.98. The methodology adopted in the preparation of the Valuation Report by the Valuer and details of the Valuation Report are as followed.

Valuation Methodology and Approaches

In carrying out the valuation of Per Share Value, the Valuer has considered the following approaches and methodologies:

Cost Approach — The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history. This approach is the most practical way to produce a reliable valuation without a known established market.

Unlike market and income approaches which incorporate either market sentiments or future earnings capacity of an asset as a function to determine its current value, the cost approach considers the fundamental cost it takes to form the asset.

Market Approach — In this approach, the value of an asset is appraised with reference to market prices of similar assets. A general way of estimating a value indication of an asset, the market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect differences in terms, conditions, etc. relative to the market comparative. Assets for which there is an established market may be appraised by this approach.

There are two methods to implement the market approach:

The Guideline Transaction Method — In the first market approach, transaction data for private and public companies is used to compute the value. In this method, a database of buy and sale records of enterprises with financial fundamentals on companies similar to the subject company is used as basis for transaction prices.

The Guideline Public Company Method — In the second market approach, the valuation multiples derived from the market prices and financial data of listed companies in a similar business is used to appraise the subject company.

Income Approach — In the income approach, the value of an asset is the present worth of the expected future economic benefits of ownership. The value of the asset to be valued is developed through the application of the discounted cash flow method to devolve the values of expected future income generated by the asset into a present value. This method eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to its underlying business operation.

Approach Adopted — In this valuation exercise, the Valuer believed that the Market Approach would be appropriate and reasonable in the appraisal for the fair value of the Target Company's shares. The fair value of the Target Company's share is derived from the guideline transaction method along with a synthetic index to simulate the movement of the market.

Analysis and Valuation

Benchmarking the Latest Transaction

As of June 3, 2024 (the "**Transaction Date**"), the Target Company entered into a share purchase agreement for Series B Preferred Shares. For a total consideration of USD27,777,778, 15,432,099 Series B Preferred Shares were sold at a price per share of USD1.80.

In accordance with the amended and restated memorandum of association and articles of association of the Target Company, the Valuer noted that the Series B1 Preferred Shares will have the same priority regarding the liquidation preference and rights of participation as the Series B Preferred Shares. Therefore, adjusting the previous transaction per share value of Series B Preferred Shares by a synthetic index is deemed reasonable and appropriate, due to the assets being exchange having the same features and rights.

The Synthetic Index

For this valuation exercise, guideline public companies were adopted to create a synthetic index to simulate the movement of the market for the Target Company's industry.

The following guideline public companies were adopted:

No.	Guideline Public Company	Company Name
1	799 HK Equity	IGG Inc
2	2660 HK Equity	Zengame Technology Holding Limited
3	302 HK Equity	CMGE Technology Group Limited
4	6820 HK Equity	FriendTimes Inc.
5	777 HK Equity	NetDragon Websoft Holdings Limited
6	2458 HK Equity	Gala Technology Holding Limited

Details and the selection process and criteria of these guideline public companies are listed as follows:

The Valuer has searched Bloomberg exhaustively for all listed companies principally engaged in the video games sector. A short-list of companies resulted from the exhaustive search. The business model and product profiles of the short-listed companies are examined in further screening, with the information obtained from the companies' websites and/or other reliable sources if needed. Companies satisfying the following criteria, pertinent to the business operations of the Target Company, are adopted as guideline public companies for the valuation:

- (a) The companies are engaged in the video game industry ;
- (b) The companies have sufficient listing and operating histories of more than 2.5 years; and
- (c) The financial information of the companies is available to the public.

By studying the companies' operations in detail, 6 guideline public companies are adopted:

Guideline Public Company 1

Ticker: 799 HK Equity

Name: IGG Inc

Exchange: Hong Kong

Description: IGG Inc is an online games developer and operator. The company offers multi-language browser games, client-based games and mobile games to players globally.

Guideline Public Company 2

Ticker: 2660 HK Equity

Name: Zengame Technology Holding Limited

Exchange: Hong Kong

Description: Zengame Technology Holding Limited operates as a mobile game development company. The company develops and sells board mobile games, card mobile games, and other products. Zengame Technology Holding Limited markets its products in China.

Guideline Public Company 3

Ticker: 302 HK Equity

Name: CMGE Technology Group Limited

Exchange: Hong Kong

Description: CMGE Technology Group Limited operates as an intellectual property (IP)-based game operator and mobile game publisher. The company focuses on cooperating with owners of IPs relating to cultural products and art works. CMGE Technology Group Limited develops and publishes mobile games globally based on these IPs by cooperating with game developers.

Guideline Public Company 4

Ticker: 6820 HK Equity

Name: FriendTimes Inc.

Exchange: Hong Kong

Description: FriendTimes Inc. operates as an integrated mobile game developer, publisher, and operator with particular success in female-oriented games. The company develops, publishes, and operates a number of popular ancient Chinese style female-oriented mobile games. FriendTimes Inc. markets its games throughout China.

Guideline Public Company 5

Ticker: 777 HK Equity

Name: NetDragon Websoft Holdings Limited

Exchange: Hong Kong

Description: NetDragon Websoft Holdings Limited is engaged in building internet communities. The company operates in the gaming and online education industry.

Guideline Public Company 6

Ticker: 2458 HK Equity

Name: Gala Technology Holding Limited

Exchange: Hong Kong

Description: Gala Technology Holding Limited operates as a mobile game developer, publisher and operator. The company produces sports simulation games, mobile sports battle games, and other products. Gala Technology Holding Limited provides its services throughout China.

The synthetic index is an equally weighted index consisting of the guideline public company's total return during the period from the Transaction Date to the Date of Valuation.

Below are the total returns during the period from the Transaction Date to the Date of Valuation:

No.	Guideline Public Company	Total Return During Period
1	799 HK Equity	47.53%
2	2660 HK Equity	-12.80%
3	302 HK Equity	-62.40%
4	6820 HK Equity	17.11%
5	777 HK Equity	3.17%
6	2458 HK Equity	23.78%

Applying the median of the total return is a generally accepted valuation practice.

The median of the total return is 10.14%. For the purpose of prudence, the median was rounded down to 10.00%. The rounded median is applied to the per share value of the Series B Preferred Shares at the Transaction Date. The Per Share Value is USD1.98 after the market index adjustment.

Based on the Valuer's investigation and analysis outlined in this announcement, the Valuer was of the opinion that, the Per Share Value as of the Date of Valuation was USD1.98.

Closing

The Closing shall take place no later than fifteen business days (or such other time as mutually agreed by the Purchaser and the Target Company) after all closing conditions have been waived or satisfied.

Closing Conditions

The completion of Purchase shall be subject to satisfaction of all the following closing conditions as listed below:

- (i) The representations and warranties of the Warrantors have been true, correct, complete and not misleading when made and as of the Closing;
- (ii) Due performance and compliance with all agreements, obligations and conditions contained in the Share Purchase Agreement by the each Warrantor on or before the Closing;

- (iii) All corporate and other proceedings in connection with the Purchase and the other transaction documents shall have been completed to the satisfaction of the Purchaser;
- (iv) All consents of any competent governmental authority, the then existing shareholders and directors of the Target Company prior to the Closing, or any person which are required to be obtained by each Warrantor in connection with the consummation of the transactions contemplated under the Share Purchase Agreement and the other transaction documents shall have been duly obtained prior to and shall be effective as of the Closing and evidence thereof shall have been delivered to the Purchaser;
- (v) The board of the Target Company shall be composed of ten directors, of which the Purchaser shall be entitled to appoint one director, which shall have been effective upon the Closing;
- (vi) There shall have been no event or events which, in the sole discretion of the Purchaser, would have a material adverse effect on the Target Group or the businesses, prospects, operations, assets or financial condition of any member of the Target Group;
- (vii) The Purchaser shall have completed its due diligence investigation of the Warrantors and the results of such due diligence shall be satisfactory to the Purchaser;
- (viii) Due adoption of the amended and restated memorandum and articles of association of the Target Company, with no alternation or amendment as of the Closing, and each of the parties (other than the Purchaser, as applicable) to the transaction documents for the Purchase shall have executed and delivered such transaction documents to the Purchaser;
- (ix) The Purchaser shall have received from the Warrantors wire instructions setting forth the information of the Target Company's designated bank account in accordance with the Share Purchase Agreement;
- (x) Execution and delivery of various closing deliverables and closing certificates.

Termination

The Share Purchase Agreement may be terminated prior to the Closing:

- (a) by written consents of all parties of the Share Purchase Agreement;
- (b) due to change of applicable laws, the consummation of the transactions contemplated under the Share Purchase Agreement would become prohibited under applicable laws;

- (c) by the Purchaser if (1) the Closing has not occurred within three months after the date of the Share Purchase Agreement for any reason attributable to the Warrantors, (2) there has been a material misrepresentation or material breach of a covenant or agreement contained in any transaction document for the Purchase on the part of any Warrantor; or
- (d) by the Target Company if (1) the Closing has not occurred within twenty Business Days after all closing conditions have been satisfied (the “**Payment Delay**”), and the Purchaser fails to pay the consideration of the Share Purchase Agreement within ten business days after the Target Company has delivered written notice requiring payment of the consideration of the Share Purchase Agreement after the Payment Delay, (2) there has been a material misrepresentation or material breach of a covenant or agreement contained in any transaction document for the Purchase on the part of the Purchaser.

Use of Proceeds

The proceeds received by the Target Company will be used for the business expansion, capital expenditures and general working capital of the Target Group.

REASONS FOR AND BENEFITS OF THE PURCHASE

The Target Company’s core team possesses proven expertise in developing and operating social games with over tens of millions of daily active users (DAU), demonstrating deep user insights. It aims to create a gaming-social hybrid virtual universe that enriches users’ lives and connect people on a broader scale. The Target Company’s pioneering pipeline highlights its ability to anticipate industry trends and deliver creative, immersive entertainment experience that fully integrates social interaction.

The Purchase leverages the Target Company’s exceptional development potential and proven innovation capabilities. Through prospective strategic collaboration, the Group aims to bring more innovative games to its gamer community, further enhancing user engagement. Should the Target Company’s games achieve successful market launches and positive responses, the Group, as its shareholder, can also benefit from potential financial returns and appreciation in equity value of the Target Company. Overall, the Purchase is expected to support the sustainable development of the Group’s business and promote the long-term interests of Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Purchaser

XD (HK) Limited is a limited liability company duly established and existing under the laws of Hong Kong, and an indirect wholly-owned subsidiary of the Company. The principal business of XD (HK) Limited is investment holding.

Information on the Target Company

MiAO (Cayman) Limited is an exempted company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands on January 7, 2022. As at the date of this announcement, the Target Company is held by (1) the Founder Parties as to 45.66%; and (2) six shareholders, most of which are well-known investment institutions or major internet companies, and the ultimate beneficial owners of these shareholders are Independent Third Parties, as to 39.94%, none of which holds more than 10% of interest therein. The rest of 14.40% of the issued share capital of the Target Company has been reserved for its share incentive schemes. The Target Company's core business focuses on developing online games, self-publishing, and licensing.

As of December 31, 2024, the unaudited total asset and net asset of the Target Company was USD48,565,092 and USD46,752,870, respectively. The following table sets out the unaudited revenue and net loss (before and after taxation and extraordinary items) for the two financial years ended December 31, 2023 and 2024:

	For the financial year ended December 31, 2023 (USD'000)	For the financial year ended December 31, 2024 (USD'000)
Revenue	Nil ⁽¹⁾	Nil ⁽¹⁾
Net loss (before taxation and extraordinary items)	(3,775)	(4,520)
Net loss (after taxation and extraordinary items)	(3,775)	(4,821)

Note:

- (1) The Target Company's game products are currently in active development and have not yet generated revenue.

Information on the Founder Parties

Mr. Wu Meng (吳萌) is a non-executive Director of our Company, and is the founder and chief executive officer of the Target Company. Mr. Wu started his business since 2005 and has over 19 years of experience in the gaming and Internet industry. From February 2012 to June 2022, Mr. Wu worked at Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002558), where he consecutively served as the vice president from February 2012 to December 2019, and as the chief executive officer from January 2020 to June 2022. Mr. Wu is the founder of Shanghai MiAO Worlds Technology Co., Ltd. (上海妙世界科技有限公司) and has served as its chief executive officer since July 2022.

HM Infinity Inc. is a business company with limited liability duly incorporated and validly existing under the laws of the British Virgin Islands on January 5, 2022, and is wholly owned by Mr. Wu Meng. The principal business of HM Infinity Inc. is investment holding.

Information on the Major Subsidiaries

MiAO Worlds Limited, a limited liability company duly established and existing under the laws of Hong Kong on February 9, 2022, a direct wholly owned subsidiary of the Target Company. The principal business of MiAO Worlds Limited is investment holding.

MiAO Worlds Pte. Ltd., a limited liability company duly established and validly existing under the laws of Singapore on February 9, 2022, a direct wholly owned subsidiary of the Target Company. MiAO Worlds Pte. Ltd. is principally engaged in publishing of games software/applications.

Two Zero Two Pte. Ltd., a limited liability company duly established and validly existing under the laws of Singapore on January 19, 2024, an indirect wholly owned subsidiary of the Target Company through MiAO Worlds Pte. Ltd. The principal business of Two Zero Two Pte. Ltd. is publishing of games software/applications.

Shanghai MiAO Worlds Technology Limited (上海妙世界科技有限公司), a limited liability company duly established and validly existing under the laws of the PRC on July 7, 2022, an indirect wholly owned subsidiary of the Target Company through MiAO Worlds Limited. The principal business of Shanghai MiAO Worlds Technology Limited is development of games software/applications and the provision of technical services.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement were determined after arm's length negotiation and are fair and reasonable, and the transactions contemplated under the Share Purchase Agreement are on normal commercial terms, and while are not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

As the Target Company is owned as to 45.66% by Mr. Wu Meng, a non-executive Director as at the date of this announcement, Mr. Wu Meng has abstained from voting on the relevant Board resolutions approving the Share Purchase Agreement. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Director has material interest in the Share Purchase Agreement and will be required to abstain from voting on the relevant resolutions of the Board approving the Share Purchase Agreement.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Target Company is owned as to 45.66% by Mr. Wu Meng, a non-executive Director. Accordingly, the Target Company is a connected person of the Company for the purpose of the Listing Rules, and the transactions contemplated under the Share Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Purchase is more than 0.1% but less than 5%, the Purchase is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Closing”	closing of the Purchase in accordance with the terms and conditions of the Share Purchase Agreement
“Company”	XD Inc. (心动有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2400)

“Directors”	the directors of the Company
“Founder Parties”	Mr. Wu Meng and HM Infinity Inc.
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Subsidiaries”	MiAO Worlds Limited, MiAO Worlds Pte. Ltd., Two Zero Two Pte. Ltd. and Shanghai MiAO Worlds Technology Limited
“Purchase”	the transactions contemplated under the Share Purchase Agreement
“Purchaser”	XD (HK) Limited, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Series B Preferred Share(s)”	means the Target Company’s Series B preferred shares of par value US\$0.0001 each
“Series B1 Preferred Share(s)”	means the Target Company’s Series B1 preferred shares of par value US\$0.0001 each
“Share Purchase Agreement”	The Series B1 Preferred Share Purchase Agreement entered into among the Company, the Target Company, the Founder Parties; and the Major Subsidiaries on August 4, 2025, pursuant to which the Company conditionally agreed to subscribe and purchase, and the Target Company has conditionally agreed to allot and issue, 7,086,420 Series B1 Preferred Shares of the Target Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“ Target Company ”	MiAO (Cayman) Limited, a company incorporated with limited liability in the Cayman Islands on January 7, 2022
“ Target Group ”	Target Company and its subsidiaries
“ USD ” or “ US\$ ”	United States dollars, the lawful currency of the United States
“ Warrantor(s) ”	The Target Group and the Founder Parties
“ % ”	per cent.

By order of the Board
XD Inc.
HUANG Yimeng
Chairman and Chief Executive Officer

Shanghai, the PRC
August 4, 2025

As at the date of this announcement, the Board comprises Mr. HUANG Yimeng, Mr. DAI Yunjie and Mr. FAN Shuyang as executive Directors; and Mr. WU Meng as non-executive Director and Mr. PEI Dapeng, Mr. XIN Quandong and Ms. LIU Qianli as independent non-executive Directors.