

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**XD Inc.**

**心动有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2400)**

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

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2025. The results have been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

### **FINANCIAL HIGHLIGHTS**

	<b>For the six months ended June 30,</b>		
	<b>2025</b>	<b>2024</b>	<b>Change</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>3,081,986</b>	2,220,567	38.8
Gross profit	<b>2,252,758</b>	1,496,811	50.5
Profit for the period	<b>810,596</b>	250,579	223.5
Profit attributable to equity holders of the Company	<b>754,856</b>	205,102	268.0
Adjusted profit for the period*	<b>852,855</b>	278,811	205.9
Adjusted profit attributable to equity holders of the Company*	<b>795,650</b>	237,290	235.3

\* To supplement our consolidated financial statement which are presented in accordance with IFRS Accounting Standards, we also use adjusted profit for the period and adjusted profit attributable to equity holders of the Company as an additional financial measure to evaluate our financial performance by eliminating the impact of fair value changes on long-term investments measured at fair value through profit or loss, and share-based compensation expenses. See “Non-IFRS Accounting Standards Measures” for details.

## KEY OPERATING INFORMATION

	For the six months ended June 30,		
	2025	2024	Change
	(in thousands)	(in thousands)	%
<b>Online Games</b>			
Average MAUs <sup>(1)</sup>	11,409	9,534	19.7
Average MPUs <sup>(2)</sup>	1,322	1,092	21.1
<b>TapTap</b>			
Average App MAUs in TapTap PRC	43,625	43,242	0.9
Average App MAUs in TapTap International	5,020	5,066	-0.9

- (1) Our average MAUs for online games are calculated by dividing the aggregate of the total MAUs of each online game for the respective period by the number of months of that period.
- (2) Our average MPUs for online games are calculated by dividing the aggregate of the total MPUs of each online game for the respective period by the number of months of that period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

In the first half of 2025, our business continued to grow, with significant period-over-period increases in both revenue and operating profit. In our game segment, Ragnarok M: Classic (仙境傳說M: 初心服), Heartopia (心動小鎮), and Torchlight: Infinite (火炬之光: 無限) have performed well and contributed to a 39.4% period-over-period growth in our game segment revenue. Among which Heartopia (心動小鎮), and Torchlight: Infinite (火炬之光: 無限) both have the potential to become evergreen games. We plan to continue investing in their development and supporting them in attracting an expanding player base. In our platform segment, improvements to advertising algorithms and enhancements in user engagement led to a 37.6% period-over-period increase in the revenue of TapTap. In order to align with the industry trend of cross-platform compatibility for large-scale games, we have launched the PC version of TapTap, which coordinates with the App version to deliver more convenient services for both players and developers.

The following is an overview of our major products and services:

### Our Games

As of June 30, 2025, our portfolio consisted of 23 online games and 39 premium games.

#### *Online Games*

In the first half of 2025, the average MAUs of our online games increased by 19.7% period-over-period, while the average MPUs increased by 21.1% period-over-period. This growth was primarily attributable to an increase in the number of users for the newly launched game, namely Heartopia (心動小鎮), which attracted new users. Such increase was partially offset by a decline in number of users of Sausage Man (香腸派對) as compared with the first half of 2024. For the six months ended June 30, 2025, GoGo Muffin (出發吧麥芬), Heartopia (心動小鎮), Ragnarok M (仙境傳說M), Torchlight: Infinite (火炬之光: 無限), and Sausage Man (香腸派對) were our top five games in terms of their revenue contribution. An overview of our major games at present is as follows:

- **GoGo Muffin (出發吧麥芬):** This self-developed idle mobile game was launched in Hong Kong, Macau and Taiwan in January 2024, launched in Mainland China in May 2024, launched in the Korean market in September 2024, launched in various overseas countries and regions in December 2024, and launched in Japanese market in February 2025. With a fresh and delightful artwork, coupled with a gameplay that allows for social interaction and strategic planning, the game went viral after its launch and achieved outstanding results. Currently, the game has completed its launch in major markets worldwide, and is entering its maturity stage.

- **Heartopia (心動小鎮)**: This self-developed life simulation game was launched in July 2024 in Mainland China and was enthusiastically received by players, topping the App Store’s game download rankings multiple times. The development team for the game has been expanded in the first half of 2025, and it has launched certain updates that were well received by players. In the future, we plan to launch the game in overseas markets.
- **Ragnarok M (仙境傳說M)**: This co-developed MMORPG was launched in Mainland China in January 2017, and was subsequently released in various countries and regions worldwide. The game is currently at its maturity stage. Ragnarok M: Classic, a special version of Ragnarok M, was released and launched in Mainland China in April 2024, launched in the Southeast Asia market in February 2025, and launched in the Hong Kong, Macau and Taiwan markets in April 2025. Since the launch, this special version of the game has performed well and gained popularity among players. We plan to launch Ragnarok M: Classic in other overseas markets in the second half of 2025.
- **Torchlight: Infinite (火炬之光：無限)**: This self-developed Diablo-like loot-based ARPG was launched in overseas markets outside of China in October 2022 and launched in Mainland China in May 2023. Through several successful seasonal updates, the game has gained continuous recognition among players, and expanded the player community. In the future, we hope the game will continue to attract more gamers through more attractive seasonal updates.
- **Sausage Man (香腸派對)**: This licensed shooting game was launched in Mainland China in April 2018 and has been over 7 years since it was released. In the first half of 2025, the MAUs and MPUs of the game declined as compared to the corresponding period last year. Nonetheless, as a battle arena game, we believe that the game still maintains a large number of players in the Chinese market and has the potential to return to growth. Accordingly, we will continue to enhance the development and operation plans for the game in 2025, with the aim of improving its performance.

### ***Games in Development***

We regard our self-developed games as one of the cornerstones of our growth, and we have continuously invested in research and development of games. As at June 30, 2025, we had 745 employees engaged in game development, representing an increase of 21 employees from December 31, 2024. Since 2024, our game research and development business has experienced stable growth, driven by the release and the success of several self-developed games as well as the initiation of new projects. As of June 30, 2025, we had one online game in development. Furthermore, we have several new games in the pre-development stage, which may advance in the future depending on project progress.

## ***Premium Games***

Premium games constitute our special business component that meets the demand of mobile game users for high quality, pay-to-play games and adds ecological diversity to the TapTap platform. In the first half of 2025, the revenue from premium games increased by 14.2% as compared to the corresponding period last year. The mobile games Hero's Adventure (大俠立志傳) and Totally Accurate Battle Simulator (全面憨憨戰爭模擬器) have driven the overall performance. The addition of new games created a word-of-mouth effect on the TapTap platform, boosting the recognition of downloading premium games among users. We are committed to producing high-quality games across multiple platforms in the premium game field. Leveraging our experience in publishing pay-to-play PC games, we plan to increase our investment in the TapTap PC platform to enrich the platform ecosystem. The upcoming release of the mobile and PC versions of Volcano Princess (火山的女兒) in the second half of the year, along with the dual-platform version of Dave the Diver (潛水員戴夫) which is currently in development, are expected to further strengthen the Company's influence in our premium game business market.

## **TapTap**

TapTap is our key competitiveness and one of the cornerstones of our growth. We rely on game development and publishing to provide TapTap with high-quality exclusive content, which drives TapTap's user growth. In the meantime, TapTap's own product and operation advantages will help retain users and generate revenue, which will then feed the content creation of both first-party and third-party developers through TapTap and in turn generate more quality content and continue to drive the further growth of TapTap.

## ***TapTap PRC***

For the six months ended June 30, 2025, the average App MAUs of TapTap PRC was 43.6 million, representing an increase of 0.9% on a period-over-period basis. While the MAU remained broadly stable, user engagement lifted up as compared to the corresponding period last year. Meanwhile, we have improved the effectiveness of advertising on the platform by upgrading the basic model of our advertising system, driving continued growth in the revenue of TapTap.

In the first half of 2025, we promoted more games to integrate TapSDK and ecosystem services, enabling accounts-game-data linkage and circulation. We fed back the data accumulated by users to the community, driving the community to generate differentiated content. Currently, we have integrated an AI-powered assistant module into TapTap and are exploring AI-driven interactive game recommendations, with the aim of providing the most relevant and practical game information to gamers.

In April 2025, we officially released the PC version of TapTap, which allows users to download and launch PC games. We aim to align with the current industry trend of cross-platform compatibility for large-scale games, leveraging the coordination between the mobile and PC versions of TapTap to better serve both players and developers. In July 2025, we officially launched TapTap Mini Games. In the second and third quarters of 2025, we hosted the Annual TapTap Presents, the TapTap Developers Workshops (TDW 2025), and a series of “Spotlight Game Jam” game development competitions, which received positive feedbacks from both players and developers.

### ***TapTap International***

For the six months ended June 30, 2025, the average App MAUs of TapTap International was 5.0 million, representing a decrease of 0.9% on a period-over-period basis. Our international team is currently exploring opportunities for long-term growth with limited resource allocation.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue is mainly derived from (i) games, the principal operating business where we generate revenue primarily from sales of in-game virtual items in online games and sales of premium games through third-party and our proprietary distribution platforms; and (ii) TapTap platform, where we generate revenue primarily from providing online marketing services on TapTap. The following table sets forth our revenue by line of business for the six months ended June 30, 2025 and 2024.

	<b>For the six months ended June 30,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Amount</b>	<b>% of revenue</b>	<b>Amount</b>	<b>% of revenue</b>
(Unaudited)	<i>(RMB in thousands, except for percentages)</i>			
<b>Games</b>	<b>2,071,260</b>	<b>67.2</b>	1,486,257	66.9
Game operating	<b>2,045,113</b>	<b>66.4</b>	1,481,074	66.7
Online games	<b>1,982,085</b>	<b>64.4</b>	1,425,896	64.2
Premium games	<b>63,028</b>	<b>2.0</b>	55,178	2.5
Others	<b>26,147</b>	<b>0.8</b>	5,183	0.2
<b>TapTap platform</b>	<b>1,010,726</b>	<b>32.8</b>	734,310	33.1
<b>Total revenue</b>	<b><u>3,081,986</u></b>	<b><u>100.0</u></b>	<b><u>2,220,567</u></b>	<b><u>100.0</u></b>

## Games

Our revenue from game business increased by 39.4% to RMB2,071.3 million for the six months ended June 30, 2025 on a period-over-period basis. In particular,

- Our revenue from online games increased by 39.0% to RMB1,982.1 million for the six months ended June 30, 2025 on a period-over-period basis, primarily due to (i) the increase in revenue from self-developed games Ragnarok M: Classic (仙境傳說M: 初心服), Heartopia (心動小鎮) and Torchlight: Infinite (火炬之光: 無限), and (ii) partially offset by the decrease in revenue from certain existing games; and
- Our revenue from premium games increased by 14.2% to RMB63.0 million for the six months ended June 30, 2025 on a period-over-period basis, primarily due to an increase in revenue from Hero's Adventure (大俠立志傳) and other newly launched premium games, and partially offset by certain existing premium games.

The following table sets forth a breakdown of our game operating revenue by revenue recognition method for the six months ended June 30, 2025 and 2024.

	<b>For the six months ended June 30,</b>			
	<b>2025</b>		<b>2024</b>	
(Unaudited)	<b>Amount</b>	<b>%</b>	Amount	%
	<i>(RMB in thousands, except for percentages)</i>			
Revenue recognized on a gross basis	<b>1,760,461</b>	<b>86.1</b>	1,413,438	95.4
Revenue recognized on a net basis	<b>284,652</b>	<b>13.9</b>	67,636	4.6
<b>Total game operating revenue</b>	<b><u>2,045,113</u></b>	<b><u>100.0</u></b>	<b><u>1,481,074</u></b>	<b><u>100.0</u></b>

Our game operating revenue recognized on a gross basis increased by 24.6% to RMB1,760.5 million for the six months ended June 30, 2025 on a period-over-period basis, primarily due to the increase in revenue from Heartopia (心動小鎮) and Torchlight: Infinite (火炬之光: 無限), and partially offset by the decrease in revenue from certain existing games. Our game operating revenue recognized on a net basis increased by 320.9% to RMB284.7 million for the six months ended June 30, 2025 on a period-over-period basis, primarily due to the robust performance of Ragnarok M: Classic (仙境傳說M: 初心服) in overseas markets.

## TapTap platform

Our revenue from TapTap platform business increased by 37.6% to RMB1,010.7 million for the six months ended June 30, 2025 on a period-over-period basis. This increase in revenue is mainly attributable to the refinement of our advertising algorithms and uplift in user engagement.

We have yet monetized TapTap International.

## Cost of Revenues

Our cost of revenues increased by 14.6% to RMB829.2 million for the six months ended June 30, 2025 on a period-over-period basis. The following table sets forth our cost of revenues by line of business for the six months ended June 30, 2025 and 2024.

	For the six months ended June 30,			
	2025		2024	
	Amount	% of segment revenue	Amount	% of segment revenue
(Unaudited)	<i>(RMB in thousands, except for percentages)</i>			
Games	663,812	32.0	595,409	40.1
TapTap platform	165,416	16.4	128,347	17.5
<b>Total</b>	<b>829,228</b>	<b>26.9</b>	<b>723,756</b>	<b>32.6</b>

Our cost of revenues for game business primarily consists of commissions charged by distribution platforms and payment channels where we act as a principal, sharing of proceeds to game developers, bandwidth and servers custody fee and employee benefits expenses. Our cost of revenues for TapTap platform business primarily consists of bandwidth and servers custody fee and employee benefits expenses.

Our cost of revenues for game business increased by 11.5% to RMB663.8 million for the six months ended June 30, 2025 on a period-over-period basis, primarily attributable to (i) the increase in commissions charged by payment channels and distribution channels, which were mainly due to the increase in revenue generated from Heartopia (心動小鎮) and Torchlight: Infinite (火炬之光: 無限); and (ii) partially offset by the decrease in sharing of proceeds to game developers, which were mainly due to the decreases in revenue from Sausage Man (香腸派對), Ulala (不休的烏拉拉) and other licensed games.

Our cost of revenues for TapTap platform business increased by 28.9% to RMB165.4 million for the six months ended June 30, 2025 on a period-over-period basis, primarily attributable to the increase in bandwidth and servers custody fee, which was in relating to our advertising algorithms system.

### **Gross Profit and Gross Margin**

As a result of the foregoing, our gross profit increased by 50.5% to RMB2,252.8 million for the six months ended June 30, 2025 on a period-over-period basis. Our gross margin was 73.1% for the six months ended June 30, 2025, which was higher than the gross margin for the six months ended June 30, 2024, primarily due to (i) the improvement in the gross margin of game segment from 59.9% for the six months ended June 30, 2024 to 68.0% in the corresponding period of 2025, as a result of the increase in the contribution from game operating revenue recognized on a net basis to total game operating revenue from 4.6% in the six months ended June 30, 2024 to 13.9% in the corresponding period of 2025, mainly attributable to the robust performance of Ragnarok M: Classic (仙境傳說M: 初心服) in overseas markets; and (ii) an improvement in gross margin of TapTap platform segment from 82.5% for the six months ended June 30, 2024 to 83.6% in the corresponding period of 2025. This improvement in gross margin was partially offset by the decrease in the contribution of revenue from our TapTap platform to our total revenue from 33.1% for the six months ended June 30, 2024 to 32.8% for the six months ended June 30, 2025, which generally enjoyed a higher gross margin than our game business.

### **Selling and Marketing Expenses**

Our selling and marketing expenses primarily consist of (i) promotion and advertising expenses paid to external advertising agencies and professional information dissemination companies; and (ii) employee benefit expenses relating to our selling and marketing personnel.

Our selling and marketing expenses increased by 7.0% to RMB743.9 million for the six months ended June 30, 2025 on a period-over-period basis. This was primarily attributable to (i) the increase in performance-based compensation relating to our selling and marketing personnel; and (ii) the increase in professional and technical services fee.

### **Research and Development Expenses**

Our research and development expenses primarily consist of (i) employee benefits expenses relating to our research and development employees; and (ii) professional and technical services fees including art design and technical support for our games.

Our research and development expenses increased by 30.8% to RMB548.9 million for the six months ended June 30, 2025 on a period-over-period basis. This was primarily due to (i) the increase in performance-based compensation relating to our research and development personnel; and (ii) the increase in professional and technical services fee. The number of our research and development personnel increased from 997 as at June 30, 2024 to 1,033 as at June 30, 2025.

### **General and Administrative Expenses**

Our general and administrative expenses primarily consist of (i) employee benefits expenses relating to our administrative employees; (ii) professional and technical services fees, such as fees paid to audit and law firms; (iii) office expenses incurred in the ordinary course of business; and (iv) depreciation of property, plant and equipment and right-of-use assets in connection with our office space in Shanghai.

Our general and administrative expenses decreased by 8.9% to RMB126.0 million for the six months ended June 30, 2025 on a period-over-period basis. This was primarily due to (i) the decrease in share-based compensation expenses, and (ii) partially offset by the increase in performance-based compensation relating to our general and administrative personnel.

### **Other Gains, Net**

Our other gains, net primarily consist of net foreign exchange gains and net gain on repurchase of convertible bonds.

Our foreign exchange net gains were RMB9.9 million for the six month ended June 30, 2025, compared to foreign exchange net gains of RMB11.8 million for the corresponding period of 2024. We did not record any gain on repurchase of convertible bonds for the six month ended June 30, 2025, compared to a net gain on repurchase of convertible bonds of RMB5.0 million for the corresponding period of 2024.

### **Income Tax Expenses**

We recorded income tax expenses of RMB70.1 million for the six months ended June 30, 2025, compared to income tax expenses of RMB31.5 million for the corresponding period in 2024. Among which, we recorded a current income tax expense of RMB67.8 million and a deferred income tax expense of RMB2.3 million in relation to the deferred tax assets we recognized in previous years.

### **Profit for the Period**

Our profit for the period was RMB810.6 million for the six months ended June 30, 2025, comparing a profit of RMB250.6 million for the six months ended June 30, 2024.

## Profit for the Period Attributable to Equity Holders of the Company

Our profit for the period attributable to equity holders of the Company was RMB754.9 million for the six months ended June 30, 2025, in contrast to a profit for the period attributable to equity holders of the Company of RMB205.1 million for the corresponding period of 2024.

Our profit for the period attributable to non-controlling interests primarily belonged to non-controlling interests in (i) Yiwang (Shanghai) Network Science and Technology Co., Ltd.; and (ii) Taptap Holding Limited.

## Other Financial Information

The following table reconciles our operating profit to our EBITDA and adjusted EBITDA for the periods presented:

	For the six months ended	
	June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
<b>Operating profit</b>	<b>861,361</b>	270,513
<b>Adjustments</b>		
Other income	(17,187)	(5,440)
Other gains, net	(13,603)	(20,523)
Depreciation of property, plant and equipment and right-of-use assets	26,098	32,625
Amortization of intangible assets	18,053	13,847
<b>EBITDA</b>	<b>874,722</b>	291,022
Share-based compensation expenses	42,259	28,232
<b>Adjusted EBITDA</b>	<b>916,981</b>	319,254

## Non-IFRS Accounting Standards Measures

To supplement our consolidated financial information which is presented in accordance with IFRS Accounting Standards, we set forth below our adjusted profit for the period and adjusted profit attributable to equity holders of the Company as an additional financial measure which is not presented in accordance with IFRS Accounting Standards. We believe those non-IFRS Accounting Standards financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain items, namely (i) fair value changes on long-term investments measured at fair value through profit or loss; and (ii) share-based compensation expenses. The following table reconciles our adjusted profit for the period and adjusted profit attributable to equity holders of the Company indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards:

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>810,596</b>	250,579
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	—	—
Share-based compensation expenses	<b>42,259</b>	28,232
Less:		
Income tax effects	—	—
	<u>—</u>	<u>—</u>
<b>Adjusted profit for the period</b>	<b><u>852,855</u></b>	<b><u>278,811</u></b>
	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit attributable to equity holders of the Company</b>	<b>754,856</b>	205,102
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	—	—
Share-based compensation expenses	<b>40,794</b>	32,188
Less:		
Income tax effects	—	—
	<u>—</u>	<u>—</u>
<b>Adjusted profit attributable to equity holders of the Company</b>	<b><u>795,650</u></b>	<b><u>237,290</u></b>

These unaudited non-IFRS Accounting Standards financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards financial measures may be defined differently from similar terms used by other companies.

## Liquidity and Capital Resources

Our cash positions and short-term investments as at June 30, 2025 and December 31, 2024 are as follows:

	<b>As at June 30, 2025 (RMB'000) (Unaudited)</b>	As at December 31, 2024 (RMB'000) (Audited)
Cash and cash equivalents	<b>2,971,628</b>	2,781,173
Short-term investments		
— Term deposits with initial terms over three months	—	50,000
— Wealth management products	<b>210,848</b>	78,984
	<b><u>3,182,476</u></b>	<b><u>2,910,157</u></b>

As at June 30, 2025, our short-term investments mainly consisted of wealth management products issued by large reputable commercial banks. These wealth management products invest principally in low-risk and liquid fixed-income instruments that are quoted on the interbank market or exchanges in China. The returns of such wealth management products are not guaranteed or protected by the issuing banks.

The increase of our cash positions and short-term investments was primarily due to the net cash flows generated from operating activities of RMB637.5 million for the six months ended June 30, 2025, and partially offset by cash payments for (i) acquisition of additional interests in subsidiaries with non-controlling interests of RMB135.5 million; (ii) dividend paid to shareholders of RMB178.1 million; and (iii) repurchase of shares of RMB59.1 million.

As of June 30, 2025, we did not have any borrowings or unutilized banking facilities.

## Gearing Ratio

Our gearing ratio was 28.9% as at June 30, 2025, comparing a gearing ratio of 30.8% as at December 31, 2024. This gearing ratio was calculated as total liabilities divided by total assets.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2025

		Six months ended June 30,	
		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenues	4	3,081,986	2,220,567
Cost of revenues	4, 5	(829,228)	(723,756)
<b>Gross profit</b>		<b>2,252,758</b>	1,496,811
Selling and marketing expenses	5	(743,857)	(695,322)
Research and development expenses	5	(548,871)	(419,489)
General and administrative expenses	5	(125,983)	(138,323)
Net impairment (losses)/reversal on financial assets	5	(3,476)	873
Other income	6	17,187	5,440
Other gains, net	7	13,603	20,523
<b>Operating profit</b>		<b>861,361</b>	270,513
Finance income		22,661	18,381
Finance costs		(4,272)	(15,607)
Finance income, net	8	18,389	2,774
Share of results of investments accounted for using the equity method		938	8,746
<b>Profit before income tax</b>		<b>880,688</b>	282,033
Income tax expenses	9	(70,092)	(31,454)
<b>Profit for the period</b>		<b>810,596</b>	250,579
<b>Other comprehensive income:</b>			
<i>Items that may not be reclassified to profit or loss</i>			
— Currency translation differences		(4,217)	(9,457)
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		(16,340)	3,493
<b>Total comprehensive income for the period</b>		<b>790,039</b>	244,615

		<b>Six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<b>754,856</b>	205,102
Non-controlling interests		<b>55,740</b>	45,477
		<u><b>810,596</b></u>	<u>250,579</u>
<b>Total comprehensive profit for the period attributable to:</b>			
Equity holders of the Company		<b>737,026</b>	199,358
Non-controlling interests		<b>53,013</b>	45,257
		<u><b>790,039</b></u>	<u>244,615</u>
<b>Earnings per share for profit for the period attributable to the equity holders of the Company</b>			
Basic earnings per share ( <i>RMB</i> )	<i>10</i>	<b>1.57</b>	0.43
Diluted earnings per share ( <i>RMB</i> )	<i>10</i>	<b>1.54</b>	0.43

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

		As at <b>June 30,</b> <b>2025</b>	As at December 31, 2024
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>20,903</b>	24,987
Right-of-use assets		<b>115,921</b>	143,793
Intangible assets		<b>202,122</b>	228,113
Deferred tax assets		<b>28,190</b>	32,795
Investments accounted for using the equity method		<b>92,666</b>	111,039
Long term investments measured at fair value through profit or loss		<b>10,878</b>	10,879
Prepayments, deposits and other non-current assets		<b>29,494</b>	24,916
		<u><b>500,174</b></u>	<u>576,522</u>
<b>Current assets</b>			
Trade receivables	<i>11</i>	<b>743,557</b>	333,413
Prepayments, deposits and other current assets		<b>84,551</b>	103,109
Short-term investments		<b>210,848</b>	128,984
Cash and cash equivalents		<b>2,971,628</b>	2,781,173
		<u><b>4,010,584</b></u>	<u>3,346,679</u>
<b>Total assets</b>		<u><b>4,510,758</b></u>	<u><b>3,923,201</b></u>

		As at <b>June 30,</b> <b>2025</b>	As at December 31, 2024
	<i>Notes</i>	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
<b>EQUITY</b>			
Share capital	12	338	336
Share premium	12	7,278,532	7,217,458
Shares held for share award schemes	12	(107,659)	(48,561)
Other reserves		(4,798,114)	(4,699,016)
Retained earnings		<u>616,814</u>	<u>43,602</u>
<b>Equity attributable to equity holders of the Company</b>		<b>2,989,911</b>	<b>2,513,819</b>
Non-controlling interests		<u>216,846</u>	<u>200,800</u>
<b>Total equity</b>		<b><u>3,206,757</u></b>	<b><u>2,714,619</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		94,210	115,419
Deferred tax liabilities		<u>11,491</u>	<u>13,755</u>
		<b>105,701</b>	<b>129,174</b>
<b>Current liabilities</b>			
Trade payables	13	229,516	186,340
Advance from customers		51,550	48,165
Other payables and accruals		439,435	382,501
Contract liabilities		288,506	321,872
Current income tax liabilities		150,093	96,777
Lease liabilities		<u>39,200</u>	<u>43,753</u>
		<b>1,198,300</b>	<b>1,079,408</b>
<b>Total liabilities</b>		<b><u>1,304,001</u></b>	<b><u>1,208,582</u></b>
<b>Total equity and liabilities</b>		<b><u>4,510,758</u></b>	<b><u>3,923,201</u></b>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## 1 General information

XD Inc. (the “**Company**”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 25 January 2019, and was listed on the Stock Exchange of Hong Kong Limited on 12 December 2019.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in the development, operation, publishing and distribution of mobile and web games and operation of Taptap, a game community and platform, in the People’s Republic of China (the “**PRC**”) and other countries and regions.

The condensed consolidated financial statements for the six months ended June 30, 2025 (the “**Interim Financial Statements**”) are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated.

## 2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”), “Interim Financial Reporting”.

The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (“**IFRS Accounting Standards**”) as set out in 2024 annual report of the Company dated 28 March 2025 (the “**2024 Financial Statements**”).

### 3 Material accounting policy information

Except for the estimation of income tax (Note 9) and described as below, the accounting policies adopted in the Interim Financial Statements are generally consistent with those applied in the preparation of 2024 Financial Statements in all material aspects.

The following amendment to standards has been adopted by the Group for the first time for the financial year beginning on 1 January 2025:

- *Lack of exchangeability — Amendments to IAS 21*

The new and revised standard above will not have a material effect on the Interim Financial Statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2025 and have not been early adopted by the Group in preparing the Interim Financial Statements. As of the date of approval of this Interim Financial Information, the Group is still in the process of assessing the impact of these new or revised standards, and amendments. According to the preliminary assessment made by the directors, except for IFRS 18 which will have pervasive impact on presentation and disclosure in the financial statements, in particular those related to the statement of financial performance, no significant effect on the Group's financial statement is expected. The Group will continue to assess the effects of these new and amended standards.

		<b>Effective for accounting year beginning on or after</b>
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to IFRS — Volume 11	Annual improvements	1 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature- dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

#### 4 Segment information and revenue

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

##### *Game segment*

The game segment offers game publishing and operating services on its own and via other Distribution Channels. Revenues from the game segment are primarily derived from game publishing and operating services.

##### *TapTap platform segment (previously known as "information service segment")*

The TapTap platform segment offers online marketing services to game developers, game publishers or their agents, through the Group's self developed leading game community and platform. Revenues from Taptap platform segment are primarily derived from performance-based online marketing services.

The CODM assesses the performance of the operating segments mainly based on segment revenues and cost of revenues of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit for each segment, which is in line with CODM's performance review.

The Group's cost of revenues for the game segment primarily consists of (a) commission paid to Payment Channels and Distribution Channels; (b) sharing of proceeds to game developers; (c) bandwidth and server custody fees; (d) amortization of intangible assets; and (e) employee benefit expenses.

The Group's cost of revenues for the Taptap platform segment primarily consists of (a) bandwidth and server custody fees; (b) employee benefits expenses; and (c) amortization of intangible assets.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

As at June 30, 2025, substantially all of the non-current assets of the Group were located in the PRC.

The reconciliation of gross profit to profit before income tax is shown in the condensed consolidated statement of comprehensive income.

The segment information provided to the Group's CODM for the reportable segments is as follows:

(Unaudited)	<b>Six months ended June 30, 2025</b>		
	<b>Game segment RMB'000</b>	<b>TapTap platform segment RMB'000</b>	<b>Total RMB'000</b>
Game operating revenues			
— Online Games (free-to-play)	1,982,085	—	1,982,085
— Premium Games (pay-to-play)	63,028	—	63,028
<b>Subtotal</b>	<b>2,045,113</b>	<b>—</b>	<b>2,045,113</b>
Online marketing service revenue	—	976,083	976,083
Others	26,147	34,643	60,790
<b>Total revenues</b>	<b>2,071,260</b>	<b>1,010,726</b>	<b>3,081,986</b>
Cost of revenues	(663,812)	(165,416)	(829,228)
<b>Gross profit</b>	<b>1,407,448</b>	<b>845,310</b>	<b>2,252,758</b>
<b>Gross margin</b>	<b>68%</b>	<b>84%</b>	<b>73%</b>

(Unaudited)	Six months ended June 30, 2024		
	Game segment <i>RMB'000</i>	TapTap platform segment <i>RMB'000</i>	Total <i>RMB'000</i>
Game operating revenues			
— Online Games (free-to-play)	1,425,896	—	1,425,896
— Premium Games (pay-to-play)	55,178	—	55,178
<b>Subtotal</b>	<u>1,481,074</u>	<u>—</u>	<u>1,481,074</u>
Online marketing service revenue	—	706,968	706,968
Others	5,183	27,342	32,525
<b>Total revenues</b>	<u>1,486,257</u>	<u>734,310</u>	<u>2,220,567</u>
Cost of revenues	<u>(595,409)</u>	<u>(128,347)</u>	<u>(723,756)</u>
<b>Gross profit</b>	<u><u>890,848</u></u>	<u><u>605,963</u></u>	<u><u>1,496,811</u></u>
<b>Gross margin</b>	60%	83%	67%

Revenues of approximately RMB982 million and RMB712 million for the six months ended June 30, 2025 and 2024, respectively, were from five largest single external customers.

Revenue from one customer in TapTap platform segment accounts for 21% and 15% of the Group's total revenue during the six months ended June 30, 2025 and 2024, respectively.

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the six months ended June 30, 2025 and 2024, respectively:

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Service transferred at a point of time	<b>1,675,669</b>	1,224,261
Service transferred overtime	<b>1,406,317</b>	996,306
	<b><u>3,081,986</u></b>	<b><u>2,220,567</u></b>

The table below sets forth a breakdown of the Group's game operating revenue by geographical areas for the six months ended June 30, 2025 and 2024, respectively:

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Mainland China	<b>1,029,406</b>	862,829
Other areas ( <i>Note a</i> )	<b>1,015,707</b>	618,245
Total	<b><u>2,045,113</u></b>	<b><u>1,481,074</u></b>

- (a) Revenue from other areas mainly includes revenue from local versions operated in Hong Kong, Macao, Taiwan province of China, Southeast Asia, North America and South Korea.

## 5 Expenses by nature

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefits expenses	<b>698,000</b>	537,378
Promotion and advertising expenses	<b>610,717</b>	633,437
Commissions charged by payment channels and distribution channels	<b>331,772</b>	303,830
Sharing of proceeds to game developers and content owner	<b>157,168</b>	184,852
Bandwidth and server custody fee	<b>140,201</b>	120,092
Professional and technical service fee	<b>118,757</b>	78,970
Share-based compensation expenses	<b>42,259</b>	28,232
VAT input transfer out and tax surcharges	<b>35,329</b>	12,319
Office expenses	<b>22,712</b>	18,439
Impairment of non-financial assets	<b>20,471</b>	1,458
Depreciation of right-of-use assets	<b>18,314</b>	19,894
Amortization of intangible assets	<b>18,053</b>	13,847
Depreciation of property, plant and equipment	<b>7,784</b>	12,731
Rental expenses and utilities	<b>6,973</b>	6,128
Net impairment losses/(reversal) on financial assets	<b>3,476</b>	(873)
Auditor's remuneration		
— Audit service	<b>1,760</b>	2,070
— Non-audit service	<b>435</b>	195
Others	<b>17,234</b>	3,018
	<hr/>	<hr/>
<b>Total</b>	<b><u>2,251,415</u></b>	<b><u>1,976,017</u></b>

## 6 Other income

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government subsidies	16,858	5,440
Interest income from short-term investments measured at amortized cost	329	—
<b>Total</b>	<b>17,187</b>	<b>5,440</b>

There are no unfilled conditions or contingencies related to the above government subsidies.

## 7 Other gains, net

	Six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Foreign exchange gains, net	9,854	11,830
Fair value changes of wealth management products issued by commercial banks	1,104	1,861
Net gain on repurchase of convertible bonds	—	4,975
Others	2,645	1,857
<b>Total</b>	<b>13,603</b>	<b>20,523</b>

## 8 Finance income, net

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Interest income from bank deposits	22,661	18,381
<b>Finance costs</b>		
Interest expenses on lease liabilities	(3,728)	(4,283)
Bank charges	(544)	(908)
Interest expenses on convertible bond	—	(8,701)
Interest expenses on borrowings	—	(1,715)
<b>Finance income, net</b>	<b>18,389</b>	<b>2,774</b>

## 9 Income tax expenses

Income tax expense is recognised based on the management's best knowledge of the effective income tax rates expected for the full financial year.

### *Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

### *British Virgin Islands*

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

### *Hong Kong*

Hong Kong profits tax rate is 16.5%.

## *Singapore*

Singapore profits tax rate is 17%.

### ***PRC corporate income tax (“CIT”)***

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the six months ended June 30, 2025 and 2024.

Certain subsidiaries of the Group in the PRC, accordingly, are qualified as “high and new technology enterprise” and entitled to a preferential income tax rate of 15% during the six months ended June 30, 2025 and 2024.

Certain subsidiary is accredited as a “software enterprise” under the relevant PRC laws and regulations. They are exempt from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years (the “**tax holiday**”).

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“**Super Deduction**”). According to the relevant laws and regulations that was effective from 2022, the tax deductible ratio was increased to 200%. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during six months ended June 30, 2025 and 2024.

### ***PRC Withholding Tax (“WHT”)***

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors.

Since the Group intends to permanently reinvest earnings to further expand its businesses in PRC, it does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred income tax liability on WHT was accrued at the end of each reporting period. Cumulative undistributed earnings of the Company's PRC subsidiaries intended to be permanently reinvested were RMB724 million as of June 30, 2025.

	<b>Six months ended June 30,</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current income tax	<b>67,755</b>	3,854
Deferred income tax	<b>2,337</b>	27,600
	<hr/>	<hr/>
<b>Total income tax expenses</b>	<b><u>70,092</u></b>	<b><u>31,454</u></b>

## 10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the respective periods.

	<b>Six months ended June 30,</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to equity holders of the Company <i>(RMB'000)</i>	<b>754,856</b>	205,102
Weighted average number of shares in issue <i>(thousands)</i>	<b>481,286</b>	472,092
	<hr/>	<hr/>
<b>Basic earnings per share (in RMB)</b>	<b><u>1.57</u></b>	<b><u>0.43</u></b>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. For the six months ended June 30, 2025, the Group had potential dilutive ordinary shares arising from share options and restricted share units (for the six months ended June 30, 2024: convertible bonds, share options and restricted share units).

	<b>Six months ended June 30,</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	<b>754,856</b>	205,102
Weighted average number of shares in issue (thousands)	<b>481,286</b>	472,092
Adjustments for share options and RSU (thousands)	<b>9,819</b>	2,235
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<b>491,105</b>	474,327
<b>Diluted earnings per share (in RMB)</b>	<b><u>1.54</u></b>	<b><u>0.43</u></b>

## 11 Trade receivables

	<b>As at June 30, 2025</b>	As at December 31, 2024
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Distribution Channels and game publishers	<b>503,173</b>	214,598
Online marketing service customers	<b>245,257</b>	120,283
Others	<b>—</b>	21
	<b>748,430</b>	334,902
Less: allowance for impairment	<b>(4,873)</b>	(1,489)
	<b><u>743,557</u></b>	<b><u>333,413</u></b>

- (a) Distribution channels and game publishers and online marketing service customers usually settle the amounts within 30–120 days. Related parties are granted with a credit period of 90 days. Aging analysis of trade receivables based on the recognition date of the gross trade receivables at the respective reporting dates are as follows:

	<b>As at June 30, 2025 RMB'000 (Unaudited)</b>	<b>As at December 31, 2024 RMB'000 (Audited)</b>
Within 3 months	<b>653,321</b>	291,499
3 months to 6 months	<b>90,531</b>	41,300
6 months to 1 year	<b>3,819</b>	1,992
1 to 2 years	<b>759</b>	106
Over 2 years	<b>—</b>	5
	<b><u>748,430</u></b>	<b><u>334,902</u></b>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2025 and December 31, 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index (CPI) and gross domestic product (GDP) of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Movements on the Group’s allowance for impairment of trade receivables are as follows:

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i>RMB’000</i>	<i>RMB’000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
At the beginning of the period	<b>1,489</b>	4,322
Provision/(Reversal)	<b>3,220</b>	(779)
Write-off	—	(40)
Currency translation differences	<b>164</b>	1
	<u>164</u>	<u>1</u>
<b>At the end of the period</b>	<b><u>4,873</u></b>	<b><u>3,504</u></b>

The reversal of provisions for impaired receivables have been included in “Net impairment (losses)/reversal on financial assets” in the consolidated statement of comprehensive income.

- (c) The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at June 30, 2025 and December 31, 2024.
- (d) The carrying amount of the Group’s trade receivables is denominated in the following currencies:

	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i>RMB’000</i>	<i>RMB’000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
United States Dollar (“USD”)	<b>457,106</b>	160,039
RMB	<b>265,487</b>	136,787
Hong Kong Dollar (“HKD”)	<b>5,834</b>	23,821
Others	<b>20,003</b>	14,255
	<u>20,003</u>	<u>14,255</u>
	<b><u>748,430</u></b>	<b><u>334,902</u></b>

- (e) The maximum exposure to credit risk as at June 30, 2025 and December 31, 2024 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

## 12 Share capital, share premium and shares held for share award schemes

	Number of shares '000	Nominal value of shares USD '000	Equivalent nominal value of shares RMB '000	Share premium RMB '000	Shares held for share award schemes RMB '000
(Unaudited)					
<b>Authorized</b>					
As at June 30, 2025 and December 31, 2024	<u>1,000,000</u>	<u>100</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Issued and fully paid</b>					
As at January 1, 2024	480,453	48	329	7,036,290	(6)
Exercise of share options	<u>186</u>	<u>—*</u>	<u>—*</u>	<u>2,648</u>	<u>—</u>
<b>As at June 30, 2024</b>	<u>480,639</u>	<u>48</u>	<u>329</u>	<u>7,038,938</u>	<u>(6)</u>
As at January 1, 2025	491,049	48	336	7,217,458	(48,561)
Exercise of share options	<u>1,988</u>	<u>—*</u>	<u>2</u>	<u>50,643</u>	<u>—</u>
Vesting of awarded restricted share units	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,431</u>	<u>—</u>
Repurchase of shares	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(59,098)</u>
<b>As at June 30, 2025</b>	<u>493,037</u>	<u>48</u>	<u>338</u>	<u>7,278,532</u>	<u>(107,659)</u>

\* The amount is less than 1,000

- (a) On June 17, 2019, the Company allotted and issued an aggregate of 8,437,540 shares to Heart Assets Limited, which hold shares on trust for and on behalf of the Company. As at June 30, 2025, 1,349,108 shares have been granted by the Group for share-based compensation to employees.
- (b) During the six months ended June 30, 2025, the trustee bought back a total of 2,243,000 ordinary shares that listed on the Stock Exchange with a total amount of RMB59.1 million, and such shares are accounted and recorded as “Shares held for share award schemes”.

### 13 Trade payables

	<b>As at June 30, 2025</b>	<b>As at December 31, 2024</b>
	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
Trade payables	<b><u>229,516</u></b>	<b><u>186,340</u></b>

Trade payables are primarily related to the purchase of services for server custody, advertisement and sharing of proceeds due to game developers. The credit terms of trade payables granted to the Group are usually 0 to 90 days.

Aging analysis of trade payables based on the recognition date of the trade payables at the respective reporting dates are as follows:

	<b>As at June 30, 2025</b>	<b>As at December 31, 2024</b>
	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
Within 3 months	<b>223,484</b>	170,902
Over 3 months	<b><u>6,032</u></b>	<u>15,438</u>
	<b><u>229,516</u></b>	<b><u>186,340</u></b>

The carrying amount of the Group's trade payables is denominated in the following currencies:

	<b>As at June 30, 2025</b>	<b>As at December 31, 2024</b>
	<i>RMB'000</i> <b>(Unaudited)</b>	<i>RMB'000</i> <b>(Audited)</b>
RMB	<b>187,965</b>	99,397
USD	<b>22,051</b>	67,871
SGD	<b><u>19,500</u></b>	<u>19,072</u>
	<b><u>229,516</u></b>	<b><u>186,340</u></b>

As at June 30, 2025 and December 31, 2024, the fair value of trade payables approximated to their carrying amount.

## **14 Dividends**

The final dividend of HKD40.0 cents per share for the year ended December 31, 2024, amounted HKD196,670,095 (equivalent to approximately RMB181,616,848) in total was approved in the shareholders' meetings of the Company held on May 29, 2025 and paid on June 30, 2025.

The Directors did not recommend the payment of an interim dividend for the six months ended June 30, 2025 (for the six months ended June 30, 2024: Nil).

## OTHER INFORMATION

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

During the Reporting Period, save for the Shares purchased by the Trustee for the purpose of the 2024 RSU Scheme as further described in the sub-section headed “The 2024 RSU Scheme”, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale or transfer of treasury shares as defined under the Listing Rules) of the Company during the six months ended June 30, 2025.

As at June 30, 2025, the Company did not hold any treasury shares for the purpose of the Listing Rules.

### INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2025.

### USE OF PROCEEDS

#### Placing of shares in April 2021

The net proceeds received from the placing of shares was approximately HK\$1,113.0 million. The amount of net proceeds brought forward as of January 1, 2025 was HK\$67.0 million. All the net proceeds were fully utilized as of June 30, 2025. The table below sets out the details of actual usage of the net proceeds as of June 30, 2025:

Use of proceeds	Amount of net proceeds received from the placing of shares (HK\$ million)	Amount of net proceeds brought forward as of January 1, 2025 (HK\$ million)	Actual usage for the six months ended June 30, 2025 (HK\$ million)	Unutilized net proceeds as of June 30, 2025 (HK\$ million)	Expected timeline of full utilization
• further enhancing the Company’s R&D capability and game portfolios	556.5	—	—	—	—
• potential acquisition and strategic investments	222.6	67.0	67.0	0	N/A
• general corporate purposes	333.9	—	—	—	—
	<u>1,113.0</u>	<u>67.0</u>	<u>67.0</u>	<u>0</u>	

## **THE 2024 RSU SCHEME**

The Company has adopted the 2024 RSU Scheme on May 7, 2024, to, among others, recognise the contributions by the participants with an opportunity to acquire a proprietary interest in the Company and encourage and retain such individuals for the continual operation and development of the Group. The 2024 RSU Scheme shall be solely funded by existing shares to be purchased by the trustee engaged by the Company for the purpose of the 2024 RSU Scheme (“**Trustee**”) on the market.

During the Reporting Period, the Trustee has purchased in total 2,243,000 shares on the Stock Exchange at the total consideration of HK\$64.2 million pursuant to the terms of the trust deed entered into by the Company and the Trustee in connection with the 2024 RSU Scheme. Subsequent to the Reporting Period, the Trustee has not purchased any Share.

## **NO MATERIAL CHANGES**

Save as disclosed in this announcement, during the Reporting Period, there were no material changes affecting the Group’s performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules.

## **EVENT AFTER THE REPORTING PERIOD**

### **1. Grant of Share Options**

On July 9, 2025, a total of 152,020 share options (the “**Options**”) were granted by the Company under the Share Option Plan to certain eligible participants, including 122,500 Options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated July 9, 2025.

### **2. Exercise of Share Options**

Subsequent to the Reporting Period, 246,262 Options were exercised by certain eligible participants to subscribe for 246,262 ordinary shares of the Company.

### **3. Purchase of Series B1 Preferred Shares in MiAO (Cayman) Limited**

On August 4, 2025, XD (HK) Limited (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.

For details, please refer to the announcement of the Company dated August 4, 2025.

Save as disclosed above, there are no other material events after the reporting period undertaken by the Group after June 30, 2025 and up to the date of this announcement.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the corporate value as well as the responsibility commitments. The Company has adopted the CG Code as its own code of corporate governance.

The Company has complied with all applicable code provisions of the CG Code during the six months ended June 30, 2025 except for a deviation from code provision C.2.1 of part 2 of the CG Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Huang Yimeng is currently the chairman and chief executive officer of the Company.

In view of his substantial contribution to the Group since its establishment and his extensive experience in the game industry, the Board considers that vesting the roles of chairman and chief executive officer in the same individual provides the Group with strong and consistent leadership in the development and execution of long-term business strategies and does not impair the balance of power and authority between the Board and the management of the Company. The Board currently comprises three executive Directors (including Mr. Huang Yimeng), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its code for dealing in securities in the Company by the Directors. The Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended June 30, 2025.

## **REVIEW OF THE INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Company has established an Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 of part 2 of the CG Code, and has adopted written terms of reference. The Audit Committee comprises three members, including Mr. Xin Quandong, Mr. Pei Dapeng and Ms. Liu Qianli. The Audit Committee is currently chaired by Mr. Xin Quandong, who possesses suitable professional qualifications.

The Audit Committee, together with the Auditor, has reviewed the Group's unaudited consolidated financial statements for the six months ended June 30, 2025. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([2400.hk](http://2400.hk)). The interim report of the Group for the six months ended June 30, 2025 will be available on the website of the Stock Exchange and that of the Company in due course.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“2024 RSU Scheme”            the restricted share unit scheme adopted by the Company on May 7, 2024;

“ARPG”                         action role playing game;

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Audit Committee”	the audit committee of the Company;
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company;
“Board”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“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), an exempted company incorporated in the Cayman Islands with limited liability on January 25, 2019, the shares of which are listed on the Stock Exchange under stock code 2400;
“Director(s)”	the director(s) of the Company;
“Founder Parties”	Mr. Wu Meng and HM Infinity Inc.;
“Group”	the Company, its subsidiaries and its PRC consolidated affiliated entities from time to time;
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IFRS”	International Financial Reporting Standards, which include standards and interpretations as issued from time to time by the International Accounting Standards Board;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Major Subsidiaries”	MiAO Worlds Limited, MiAO Worlds Pte. Ltd., Two Zero Two Pte. Ltd. and Shanghai MiAO Worlds Technology Limited as referred to in the announcement of the Company dated August 4, 2025;

“MAU(s)”	monthly active user(s), which refers to the number of users who log into a particular game or all of our games, as applicable, in the relevant calendar month for games, and refers to the number of users who access the TapTap mobile app in the relevant calendar month for TapTap, both of which include multiple accounts held by one single user. Average MAUs for a particular period are calculated by dividing the aggregate of the MAUs during that period by the number of months of that period;
“MMORPG”	massively multiplayer online role-playing game;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“MPUs”	monthly paying users, which refers to the number of paying users in the relevant calendar month in our games;
“PRC” or “China”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, China;
“Purchase”	the transactions contemplated under the Share Purchase Agreement;
“Purchaser”	XD (HK) Limited, an indirect wholly-owned subsidiary of the Company;
“Reporting Period”	the financial period for the six months ended June 30, 2025;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU(s)”	restricted share unit(s);
“Series B1 Preferred Share(s)”	the Target Company’s Series B1 preferred shares of par value US\$0.0001 each;
“SGD”	Singapore dollars, the lawful currency of Singapore;
“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;

“Share Option Plan”	the share option plan of our Company adopted on June 25, 2021;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Company”	MiAO (Cayman) Limited, a company incorporated with limited liability in the Cayman Islands on January 7, 2022;
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Shanghai, China, August 29, 2025

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