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**XD Inc.**

**心动有限公司**

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

**(Stock code: 2400)**

## **DISCLOSEABLE TRANSACTION ENTERING INTO ASSET TRANSFER AGREEMENT**

### **ENTERING INTO ASSET TRANSFER AGREEMENT**

The Board is pleased to announce that, on December 29, 2025, XD Entertainment, a wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with the Sellers and Golden Arc, pursuant to which XD Entertainment agreed to purchase and acquire from the Sellers all right, title and interest in and to the Assigned Assets.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Asset Transfer Agreement is more than 5% but less than 25%, the Asset Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that, on December 29, 2025, XD Entertainment, a wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with the Sellers and Golden Arc, pursuant to which XD Entertainment agreed to purchase and acquire from the Sellers all right, title and interest in and to the Assigned Assets.

# THE ASSET TRANSFER AGREEMENT

**Date:** December 29, 2025

**Parties:** XD Entertainment (as the purchaser);  
Runic (as the Seller);  
Arc Games (as the Seller); and  
Golden Arc

**Asset Transfer:** *Purchase and Sale of Assigned Assets*

Upon the terms and subject to the conditions contained in the Asset Transfer Agreement, Sellers shall sell, convey, transfer, assign and deliver to XD Entertainment, and XD Entertainment shall acquire from Sellers, all of Sellers' right, title and interest in, to and under the following assets (collectively, the "**Assigned Assets**"):

- (1) the Games;
- (2) Torchlight Technology, including any and all Source Code therein;
- (3) Torchlight Documentation;
- (4) Torchlight IP;
- (5) Transferred Contracts;
- (6) all social media accounts as set out in the Asset Transfer Agreement, including any associated usernames, page names, URLs, passwords, access credentials, and all related content, followers, subscriber lists, analytics data, and goodwill appurtenant thereto, together with the right to request and obtain transfer or assignment of such accounts from the applicable social media or platform service providers;

- (7) all of Sellers' rights, claims, credits, causes of action or rights of set-off against Third Parties relating to the Assigned Assets (including rights to enforce against any independent contractor any invention assignment, non-disclosure or confidentiality covenant or any consulting agreement) against any other Person arising after the date of closing, including the right to enforce all Torchlight IP and the right to sue (and seek and retain damages) for infringement, misappropriation or other violation (including past infringement, misappropriation or other violation) of all Torchlight IP;
- (8) all records, in written or electronic format, in the possession or under the control of Sellers relating to any of the foregoing; and
- (9) all goodwill relating to the Assigned Assets;

provided that the Assigned Assets shall not include any of the assets related to Torchlight: Infinite that are originally owned by XD Entertainment and third parties.

#### *Excluded Assets*

The Assigned Assets shall expressly exclude certain assets as listed in the Asset Transfer Agreement and any Intellectual Property Rights subsisting therein (the “**Excluded Assets**”). Notwithstanding anything to the contrary in the Asset Transfer Agreement, all Personal Information of End Users of the Games distributed and operated by or on behalf of Sellers shall be excluded from the scope of the Assigned Assets and shall be deemed Excluded Assets.

Other than the Excluded Assets expressly listed in the Asset Transfer Agreement, all rights, title and interest in and to the Assigned Assets (including the Torchlight IP) shall be exclusively owned by and vested in XD Entertainment as of the date of closing.

#### **Consideration:**

The total consideration for the sale, transfer and assignment of the Assigned Assets pursuant to the Asset Transfer Agreement is US\$37,180,000.

**Payment:** The consideration shall be satisfied in full by way of credit and set-off against XD Entertainment’s rights as lender under the Facilities Agreement in respect of the corresponding amount (US\$37,180,000) of outstanding loan and accrued but unpaid interest thereunder (the “**Set-off Amount**”).

Upon the closing of the Asset Transfer, the repayment obligations of Golden Arc in respect of an amount equal to the Set-off Amount shall be deemed to be irrevocably repaid and discharged in full without further liability thereunder.

**Closing:** The closing of the Asset Transfer shall take place on (a) such date and time as the Sellers and XD Entertainment mutually agree, or (b) the first calendar day of the month immediately following the month in which the conditions set forth in the Asset Transfer Agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of such conditions at the closing) have been satisfied or waived in accordance with the Asset Transfer Agreement.

## **BASIS OF CONSIDERATION**

The consideration was determined by the parties of the Asset Transfer Agreement after arm’s length negotiations and with reference to (i) the valuation of the market value of US\$37,354,000 of the intellectual property of the Assigned Assets including Games and Torchlight IP acquired from Runic (the “**Intellectual Property**”) as at November 30, 2025 (the “**Date of Valuation**”), appraised by an independent qualified valuer engaged by the Company based on the income-based approach; (ii) the development potential of and the synergistic effects expected to be generated from the Assigned Assets; and (iii) the reasons for and benefits of the Asset Transfer as stated under the section headed “Reasons for and Benefits of Entering into the Asset Transfer Agreement” in this announcement.

## **VALUATION**

The valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

## General Valuation Approaches

In terms of valuation methodology, the Valuer has considered three generally accepted valuation approaches to determine the market value of the Intellectual Property, including market-based approach, income-based approach and asset-based approach.

**Market-based approach**      The market-based approach values an intangible asset by comparing prices at which other intangible assets in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative asset. By adopting this approach, the valuer will first look for valuation indication of prices of other similar intangible assets that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

**Income-based approach**      The income-based approach focuses on the economic benefits due to the income producing capability of the intangible asset. The underlying theory of this approach is that the value of the intangible asset can be measured by the present worth of the economic benefits to be received over the useful life of the intangible asset. Based on this valuation principle, the income-based approach estimates the future economic benefits and discounts them to their present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the intangible asset will continue to maintain stable economic benefits and growth rate.

**Asset-based approach**      The asset-based approach values an intangible asset by aggregating the costs of developing the asset to its current condition, or replacing that asset.

## Selected Valuation Approach

In the process of valuing the Intellectual Property, the Valuer has taken into account the operation and financial information of Runic and conducted discussions with the management of XD Entertainment, the management of Runic and/or their representative(s) (together, the “**Management**”) to understand the status and prospect of them. Also, the Valuer has considered the accessibility to available data and relevant market transactions in choosing among the valuation approaches.

The Valuer has considered the adoption of the income-based approach in arriving at the market value of the Intellectual Property, in particular, the relief from royalty method.

The relief from royalty method is based upon the incremental after-tax royalty accruing to the owner by virtue of the fact that the owner does not have to pay a fair royalty to a third party for the use of that asset. Accordingly, a portion of the asset’s earnings, equal to the after-tax royalty that would have been paid for use of the asset can be attributed to the asset. The market value of the asset was derived by discounting the future after-tax royalty attributable to the asset to present value using a discount rate that was appropriate for the expected risks associated with realizing the royalty.

## Valuation Formula and Parameters

To adopt this method, the Valuer obtained the weighted average cost of capital (“**WACC**”) of Runic as a basic discount rate. The WACC is the minimum required return that Runic must earn to satisfy its various capital providers including shareholders and debt holders. WACC calculation takes into account the relative weights of debt and equity. It is computed using the formula below:

$$WACC = W_e * R_e + W_d * R_d * (1 - T_c)$$

*In which*

$R_e$  = Cost of equity;

$R_d$  = Cost of debt;

$W_e$  = Weight of equity value to enterprise value;

$W_d$  = Weight of debt value to enterprise value; and

$T_c$  = Corporate tax rate.

**(1) Cost of Debt**

The cost of debt was determined by the expected borrowing rate of Runic. Since the interest expenses paid on debts are tax-deductible for Runic, the cost of Runic to get debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt was calculated by multiplying one minus the corporate tax rate by the cost of debt.

**(2) Cost of Equity**

The cost of equity was determined using the Capital Asset Pricing Model (“CAPM”), which describes the relationship between the risk of Runic and expected return to investors. It is calculated by the following formula:

$$R_e = R_f + \beta * MRP + CSRP + SP$$

*In which*

$R_e$  = Cost of equity;

$R_f$  = Risk-free rate;

$\beta$  = Beta coefficient;

MRP = Market Risk Premium;

CSRP = Company Specific Risk Premium; and

SP = Size Premium.

**(3) Discount Rate for the Intellectual Property**

In the process of determining the WACC, the Valuer adopted several listed companies with business scopes and operations similar to those of Runic as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- (i) The companies engage in similar industry as Runic in similar geographical segment and similar development phase and were profit-making as at the Date of Valuation;
- (ii) The companies have sufficient listing and operating histories; and
- (iii) The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

<b>Company Name</b>	<b>Stock Code</b>	<b>Listing Location</b>	<b>Business Description</b>
FriendTimes Inc.	6820.HK	Hong Kong	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. The company markets its games throughout China.
Gala Technology Holding Ltd.	2458.HK	Hong Kong	Gala Technology Holding Ltd. operates as a mobile game developer, publisher and operator. The company produces sports simulation games, mobile sports battle games, and other products. The company provides its services throughout China.
Qingci Games Inc.	6633.HK	Hong Kong	Qingci Games Inc. operates a leading mobile game developer and publisher. The company produces casual games, idle games, and other products. The company provides its services throughout Hong Kong.
Tanwan Inc.	9890.HK	Hong Kong	Tanwan Inc. offers online game services. The company provides game products publishing, operation, and digital marketing services. The company serves for domestic and overseas customers.
Infinites Technology International Holding Ltd/ Cayman	1961.HK	Hong Kong	Infinites Technology International Holding Ltd/Cayman operates as an investment holding company. The company's subsidiaries, engages in the development and operation of mobile games and the distribution of digital media content businesses. The company conducts in China.



<b>Company Name</b>	<b>Stock Code</b>	<b>Listing Location</b>	<b>Business Description</b>
Archosaur Games Inc.	9990.HK	Hong Kong	Archosaur Games Inc. operates as a game development company. The company provides mobile game development, production, marketing, and other services. The company markets its products throughout China.
Forgame Holdings Ltd.	484.HK	Hong Kong	Forgame Holdings Ltd. develops and publishes web based games. The company produces and licenses games for both computer based and mobile phone platforms.
Hangzhou Electronic Soul Network Technology Co., Ltd.	603258.SH	Shanghai	Hangzhou Electronic Soul Network Technology Co., Ltd. operates as an online game developer. The company designs and produces game engines, and markets multiplayer online games. The company serves customers in China.
FingerTango Inc.	6860.HK	Hong Kong	FingerTango Inc. operates as a mobile games development company. The company provides mobile games development, publishing, marketing, and other services. The company markets its products throughout China.
Shenzhen Bingchuan Network Co., Ltd.	300533.SZ	Shenzhen	Shenzhen Bingchuan Network Co., Ltd. designs, promotes, and manages online games worldwide.
Ourpalm Co Ltd	300315.SZ	Shenzhen	Ourpalm Co., Ltd. develops, promotes, operates and maintains mobile game terminals, internet game pages and its peripheral products. The company's main products include mobile game terminals, and internet game pages.

<b>Company Name</b>	<b>Stock Code</b>	<b>Listing Location</b>	<b>Business Description</b>
CMGE Technology Group Ltd.	302.HK	Hong Kong	CMGE Technology Group Ltd. 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. The company develops and publishes mobile games globally based on these IPs by cooperating with game developers.

Below is the summary of the key parameters of the WACC of Runic adopted as at the Date of Valuation:

<b>Key Parameters</b>	<b>As at 30 November 2025</b>
(a) Risk-free Rate	1.83%
(b) Market Risk Premium	9.57%
(c) Beta Coefficient	0.72
(d) Company Specific Risk Premium	3.00%
(e) Size Premium	2.66%
(f) Cost of Equity	14.42%
(g) Cost of Debt	3.50%
(h) Weight of Equity Value to Enterprise Value	97.56%
(i) Weight of Debt Value to Enterprise Value	2.44%
(j) Corporate Tax Rate	15.00%
<b>WACC</b>	<b>14.14%</b>
(k) Additional Premium for the Intellectual Property	1.00%
<b>Discount Rate for Intellectual Property</b>	<b>15.14%</b>

## Valuation Assumptions

The Valuer has adopted certain specific assumptions in its valuation and the major ones are as follows:

- (1) The unaudited financial statements of Runic as at November 30, 2025 can reasonably reflect the financial status of Runic as at the Date of Valuation since the audited financial statements as at the Date of Valuation of Runic were not available;
- (2) The revenue attributable to the Intellectual Property was assumed to be 100%, with reference to the estimation by the Management;
- (3) As advised by the Management, the maintenance cost for the Intellectual Property was USD28,000 per month;
- (4) Royalty rate of the Intellectual Property of 8% was adopted with reference to the term of Runic;
- (5) The useful life of the Intellectual Property was about 7 years, with reference to the estimation by the Management;
- (6) Runic will be operated and developed as planned by the Management;
- (7) The valuation of the Intellectual Property was mainly based on the projections of the future cash flows as provided by the Management. The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and has reasonable opportunity to be materialized;
- (8) All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Runic operates or intends to operate were assumed to be successfully obtained and renewable upon expiry with minimal costs;
- (9) There will be sufficient supply of technical staff in the industry in which Runic operates, and Runic will retain competent Management, key personnel and technical staff to support its ongoing operations and developments;
- (10) There will be no major change in the current taxation laws in the localities in which Runic operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (11) Saved for those liabilities reported in the financial statements of Runic, it is not subjected to any liabilities, interest-bearing loans and encumbrances that would impair its value as at the Date of Valuation;

- (12) The future cash flows of Runic will be discounted from the middle of every forecast period to the Date of Valuation;
- (13) There will be no major change in the political, legal, economic or financial conditions in the localities in which Runic operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Runic;
- (14) Interest rates and exchange rates in the localities for the operation of Runic will not differ materially from those presently prevailing; and
- (15) There will be no material changes in Runic's mode of operation during the forecast period.

Since the appraisal of the market value of the Intellectual Property in the Valuation Report is reached by adopting the income-based approach, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Further details of the profit forecast in relation to the valuation in compliance with Rule 14.60A of the Listing Rules will be disclosed in a further announcement of the Company on or before January 19, 2026.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSFER AGREEMENT**

Torchlight is a classic gaming IP with over 15 years of history and has established a substantial player base globally, demonstrating mature brand recognition and long-term commercial value.

Currently, the Group is required to pay royalties to external IP owners for operating Torchlight: Infinite. Upon completion of the Asset Transfer, the Group will own the IP outright and will no longer incur these royalties. This will directly enhance the profit margin of Torchlight: Infinite and improve the Group's overall profitability, generating better returns for Shareholders.

The Asset Transfer will also provide the Group with full autonomy over decision-making in respect of Torchlight: Infinite, free from third-party licensing restrictions, which could ensure the long-term stability and sustainability of the game's operations, allowing the Group to respond flexibly to market opportunities and strategic priorities.

Besides, with the complete ownership of the Torchlight IP, the Group will be able to independently develop sequels, derivative works and cross-platform products, through which the Group could further enrich its product portfolio, explore new revenue streams and realize in-depth value conversion and sustained growth from this premium IP asset.

## **INFORMATION ON THE PARTIES**

### **Information on XD Entertainment**

XD Entertainment is a corporation duly established and existing under the laws of Singapore, and an indirect wholly-owned subsidiary of the Company. The principal business of XD Entertainment is publishing of games software/applications.

### **Information on Runic**

Runic is a company incorporated in Delaware on July 30, 2008. The principal business of Runic is game development. As at the date of this announcement, Runic is wholly owned by Arc Games Holding Corporation, which in turn is wholly owned by Golden Arc.

### **Information on Arc Games**

Arc Games is a company incorporated in California on July 2, 2019. The principal business of Arc Games is publishing of games. As at the date of this announcement, Arc Games is wholly owned by Arc Games Holding Corporation, which in turn is wholly owned by Golden Arc.

### **Information on Golden Arc**

Golden Arc is a corporation organised under the laws of the State of Delaware on November 20, 2025. The principal business of Golden Arc is a special purpose vehicle incorporated to hold the investment in Arc Games Holding Corporation, Arc Games B.V. and their subsidiaries. As at the date of this announcement, Golden Arc is wholly owned by Project Golden, Inc., which in turn is ultimately controlled by Yoon Im (the chief executive officer of Arc Games), Zheng Zeng (the vice president of platform at Arc Games) and Jason Park (the vice president of business development at Arc Games) as to 60.43%, 18.81% and 18.81%, respectively. The management team is a group of seasoned gaming industry executives with over two decades of experience in publishing.

Other than three aforementioned individuals, the rest of 1.95% interest of Golden Arc is ultimately held by two individuals who are also members of the management of Arc Games.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Runic, Arc Games, Golden Arc and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **OPINION FROM THE BOARD**

None of the Directors has a material interest in the Asset Transfer Agreement and the Asset Transfer contemplated thereunder or has abstained from voting on the board resolution.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Asset Transfer Agreement were determined after arm's length negotiation and are fair and reasonable, and the Asset Transfer contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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## **DEFINITIONS**

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

“Affiliate(s)”	with respect to any Person, any other Person who, as of the relevant time for which the determination of affiliation is being made, directly or indirectly controls, is controlled by, or is under common control with such Person
“Arc Games”	Arc Games, Inc., a company incorporated in California on July 2, 2019
“Asset Transfer”	transfer of the Assigned Assets pursuant to the Asset Transfer Agreement
“Asset Transfer Agreement”	the intellectual property asset transfer agreement entered into between XD Entertainment, the Sellers and Golden Arc, pursuant to which XD Entertainment agreed to purchase and acquire from the Sellers all right, title and interest in and to the Assigned Assets
“Assigned Assets”	has the meaning ascribed to it in the “Asset Transfer” section above
“Board”	the board of Directors

“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Control/Controlled”	that a Seller or any of its Affiliates owns or otherwise has the lawful right to transfer, assign, or convey the Technology or Intellectual Property Right under the Asset Transfer Agreement without (i) breaching the terms of any agreement with any Third Party or (ii) violating any applicable law
“Director(s)”	the director(s) of the Company
“End User(s)”	individual who plays or otherwise interacts (including downloading or registering an account) to play any Game
“Facilities Agreement”	the facilities agreement entered into by XD Entertainment and Golden Arc on November 26, 2025, pursuant to which XD Entertainment agreed to provide the term loan facility in the total commitment amount of US\$40,000,000 to Golden Arc in connection with its acquisition of all of the shares or equity interests (as the case may be) in Arc Games Holding Corporation and Arc Games B.V., details of which were published in the announcement of the Company dated November 26, 2025

“Game(s)”

any and all PC versions, mobile versions and console versions of the game entitled “Torchlight I, Torchlight II, Torchlight III, and Torchlight: Infinite”, as developed, published, promoted, distributed, operated, or otherwise exploited by or on behalf of Sellers and modified and updated by or on behalf of Sellers as of December 29, 2025, and include: (i) the Torchlight Materials; (ii) all data, records, and information that are collected, stored, processed, or indicate the state of play in the Game, including data regarding teams, competitors, in-game achievements, virtual balances, virtual items, logs, and other data generated within the Game, whether submitted by an End User directly into the Game or otherwise generated or collected in the Game, and not including Personal Information of End Users; (iii) any Software update that significantly enhances the Game by adding substantial new content, functionality or features and any other material changes, which update requires the installation of, or access to, such Game to be used; (iv) any and all works, materials, or other subject matter, whether or not protectable by copyright, design right, or other Intellectual Property Rights, that are (a) based on, derived from, or developed using any of the Games, Torchlight Technology, Torchlight Materials, or Torchlight Documentation, including any revisions, modifications, improvements, upgrades, translations, abridgments, condensations, expansions, collections, compilations, adaptations, or any other form in which such pre-existing works may be recast, transformed, or adapted and (b) are Controlled by Sellers; and any and all updates, variations, enhancements, patches, error-correcting, debugging purposes, user generated content, and any other free and/or paid downloadable contents with respect to the Game

“Golden Arc”

Project Golden Arc, Inc., a corporation organised under the laws of the State of Delaware on November 20, 2025

“Group”

the Company and its subsidiaries



“Intellectual Property Rights”

intellectual property of any type in any jurisdiction anywhere in the world, including all: (i) trademarks, (ii) rights in inventions (whether or not patentable), patents, patent disclosures, utility model, and design patents, (iii) copyrights, works of authorship, moral rights, reserve/reservation rights, rights of publicity, rights in writings, images, and content, rights in computer software and rights in databases, (iv) rights in know-how, confidential information, data, trade secrets, algorithms, proprietary rights, methods, designs, and processes, (v) all registrations, applications, renewals, reissues, reexaminations, continuations, continuations-in-part, divisions, extensions, substitutions, and foreign counterparts for any of the foregoing in (i)-(iv) (as applicable), and (vi) all copies and tangible embodiments of any of the foregoing (in whatever form or medium) and all corresponding rights (including all earlier versions of, revisions to, adaptations to and updates to them)

“Licensed Intellectual Property”

any and all Intellectual Property Rights subsisting in the Assigned Assets that are Controlled by any Third Party and (a) licensed or sublicensed to any Seller or otherwise granted to any Seller the right to use or access thereto, or (b) for which any Seller has received from such Third Party any covenant not to sue or assert any claim, release, waiver, consent to use, permission or other immunity from suit, or (c) for which such Third Party has undertaken an obligation to any Seller to assert such Intellectual Property Rights against one or more Persons prior to asserting such Intellectual Property Rights against such Seller or an obligation to exhaust remedies as to particular Intellectual Property Rights against one or more Persons prior to seeking remedies against such Seller

“Listing Rules”

the Rules Governing the Listing of Securities on the Stock Exchange

“Owned Intellectual Property”

all Intellectual Property Rights subsisting in the Assigned Assets that are owned by any Seller, including the trademarks assigned as set forth in the Asset Transfer Agreement and all internet domain names and uniform resource locators (URLs) assigned as set forth in the Asset Transfer Agreement, and all related accounts, passwords, and administrative rights thereto

“Personal Information”	in addition to any definition provided by applicable law for any similar term (e.g., “personal data,” “personally identifiable information,” “PII,” or “protected health information”), information regarding or capable of being associated with an identified or identifiable individual. Personal Information may relate to any individual, including a current, prospective, or former End User, employee, contractor, or candidate for employment. Personal Information includes information in any form, including paper, electronic, and other forms
“Person(s)”	an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including any instrumentality, subdivision, court, administrative agency, tribunal, commission, official or other authority of any country, state, province, prefecture, municipality, locality or other government or political subdivision thereof, whether domestic or foreign, or any multinational organization or authority, any stock exchange or similar self regulatory organization, or any quasi-governmental, private body or arbitral body exercising any executive, legislative, judicial, quasi-judicial, regulatory, taxing, importing, administrative or other governmental or quasi-governmental authority
“PRC” or “China”	the People’s Republic of China
“Runic”	Runic Games Inc., a company incorporated in Delaware on July 30, 2008
“Sellers”	Runic and Arc Games
“Shareholder(s)”	the shareholder(s) of the Company

“Software”	any and all (i) computer programs, applications, systems and software, including any and all software implementations of algorithms, models and methodologies, plugins, APIs, interfaces, and any and all firmware, middleware, in all cases in Source Code and object/executable code, architectures for software, development and design tools, applets, compilers, and assemblers, (ii) databases and compilations, including any and all libraries and collections of data whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, (iv) technology supporting, and the contents and audiovisual displays of, any internet site(s), and (v) documentation and media, including specifications, user manuals and training materials relating to or embodying any of the foregoing or on which any of the foregoing is recorded
“Source Code”	the form of computer software code that developers use to create, edit, or maintain executable computer software
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Technology”	all technology, procedures, processes, methods, techniques, know-how, diagrams, formulae, algorithms, concepts, compounds, substances, mixtures, specimens, ideas, creations, inventions (whether or not patentable and whether or not reduced to practice), discoveries, improvements, specifications, designs, models, schematics, network configurations and architecture, devices, prototypes, software, databases, datasets and other compilations and collections of data or information, development tools, engineering, manufacturing, support information and materials, product documentation, including user manuals and training materials, in each case whether or not embodied in any tangible form or media
“Third Party”	any Person other than Sellers, XD Entertainment or their respective Affiliates

“Torchlight Documentation”	any of the following that Seller Controls on December 29, 2025 and in the form that Sellers currently hold such materials: the files, data, know-how or documents, in either printed text or machine-readable form, including technical documentation, manuals and publications, program specification(s) and all other related tutorials and guidelines for aiding the use of the Torchlight Technology and/or Torchlight Materials (as the case may be)
“Torchlight IP”	all Owned Intellectual Property and Licensed Intellectual Property
“Torchlight Materials”	all materials that are necessary for the operation, publication or distribution of any Game, including any of the following elements to the extent they form a part of any Game or of any marketing and promotional materials to be used in connection with the marketing and promotion of the Games thereof: (i) text, video, visual displays, scripts, literary treatments, characters, backgrounds, environments, rules and play patterns, and other elements visible to an End User; (ii) all sounds, sound effects, sound tracks, and other elements audible to an End User; (iii) the distinctive and particular elements of graphic design, organization, presentation, “look and feel,” layout, user interface, navigation, trade dress, and stylistic convention (including the digital implementations thereof) and the total appearance and impression substantially formed by the combination, coordination, and interaction of these elements; (iv) know-how, data, test results, layouts, processes, scripts, and other technical information necessary for the development, publication, distribution or operation of the Games; and (v) manuals, specifications, user guides, frequently-asked-questions, and other documentation, Controlled by Sellers and/or their Affiliates

“Torchlight Technology”	all Technology Controlled by Sellers and/or their Affiliates as of the date of closing that are (a) embodied in, practiced, or exploited by the Games; or (b) necessary for, or used in, developing, publishing, hosting, distributing, marketing, maintaining, operating, localizing, and otherwise commercially exploiting the Games, including the collection of backend server Software and operational management tools and interfaces that are necessary for, or otherwise used in, the development and operation of all of the Games Controlled by Sellers and/or their Affiliates, and any and all development and authoring tools, utilities, routines, servers, systems, Software, game engines, configurations, components and other materials that are necessary for, or otherwise used in, the development, publishing, distribution and/or operation of the Games Controlled by Sellers and/or their Affiliates
“Transferred Contracts”	contracts as listed in the Asset Transfer Agreement, to which any Seller is a party or by which it (or any of the Assigned Assets) is bound: (i) any contract under which any Seller (a) is a licensee with respect to, or has the right to access or use, any item of Licensed Intellectual Property, other than “shrink wrap” or “click through” license agreements or other non-exclusive software license agreements entered into in the ordinary course of business, (b) is a licensor or otherwise grants to a third party any rights to use any item of Owned Intellectual Property, or (c) is a party and that otherwise materially affects any Seller’s ownership of or ability to use, register, license or enforce any Owned Intellectual Property (including concurrent use agreements, settlement agreements and consent to use agreements but other than licenses excluded under clause (a) above); and (ii) any other contract involving distribution, publication, development, use, operation, making derivatives of, and otherwise exploitation (as applicable) of the Assigned Assets, other than “shrink wrap” or “click through” license agreements or other non-exclusive software license agreements entered into in the ordinary course of business
“US\$”	United States dollars, the lawful currency of the United States of America

“Valuation Report”	the intangible asset valuation report in respect of Intellectual Property acquired by XD Entertainment from Runic dated December 29, 2025 prepared by the Valuer
“Valuer”	Roma Appraisals Limited
“XD Entertainment”	XD Entertainment Pte. Ltd., a corporation duly established and existing under the laws of Singapore and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Shanghai, the PRC  
December 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; and Mr. WU Meng as non-executive Director and Mr. PEI Dapeng, Mr. XIN Quandong and Ms. LIU Qianli as independent non-executive Directors.*