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XD Inc.
心动有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2400)

FURTHER ANNOUNCEMENT DISCLOSEABLE TRANSACTION ENTERING INTO ASSET TRANSFER AGREEMENT

INTRODUCTION

Reference is made to the announcement (the “**Announcement**”) of XD Inc. (the “**Company**”) dated December 29, 2025 in relation to entering into the Asset Transfer Agreement 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. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context otherwise specified.

COMPLIANCE WITH THE LISTING RULES

The consideration of the Asset Transfer was determined with reference to, among others, the market value of the Intellectual Property as at the Date of Valuation as appraised by the Valuer. On December 29, 2025, the Valuer issued the Valuation Report concluding that the market value of the Intellectual Property as at the Date of Valuation amounted to US\$37,354,000. The valuation of the Intellectual Property was conducted by adopting the income-based approach, in particular, the relief from royalty method, through which 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. 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 of the Intellectual Property constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is made by the Company to disclose further details of the profit forecast in relation to the valuation of the Intellectual Property in compliance with Rule 14.60A of the Listing Rules.

PROFIT FORECAST IN RELATION TO THE VALUATION

Pursuant to the Valuation Report, details of the principal bases and assumptions, including commercial assumptions upon which the profit forecast for the Intellectual Property is based, are set out 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.

The aggregate royalty for the seven-year period calculated for determining the market value is US\$64,077,888. WACC of each of the comparable companies listed in the Announcement are as below:

Company name	WACC ^{Note}
FriendTimes Inc.	8.50%
Gala Technology Holding Ltd.	6.37%
Qingci Games Inc.	6.70%
Tanwan Inc.	16.78%
Infinities Technology International Holding Ltd/Cayman	6.81%
Archosaur Games Inc.	10.72%
Forgame Holdings Ltd.	8.65%
Hangzhou Electronic Soul Network Technology Co., Ltd.	11.47%
FingerTango Inc.	8.20%
Shenzhen Bingchuan Network Co., Ltd.	12.81%
Ourpalm Co Ltd	11.55%
CMGE Technology Group Ltd.	10.29%

Note: The discount rate for the Intellectual Property differs from the average WACC of comparable companies considering the below key parameters: (1) the company specific risk premium adopted to account for Runic's business risk; (2) the size premium adopted, being the size premium for micro-cap companies with reference to the size premium study published by Duff & Phelps; and (3) the additional premium for the Intellectual Property adopted to reflect the illiquidity risk.

PricewaterhouseCoopers, the auditor of the Company, has reported on the calculations of the discounted future estimated cash flows on which the valuation is based. The Board has confirmed that the profit forecast for the Intellectual Property in the Valuation Report has been made after due and careful enquiry by the Board. Report from PricewaterhouseCoopers and the letter from the Board are set out in Appendix I and Appendix II to this announcement, respectively.

The following are the qualifications of each expert who has provided its conclusion or advice, which is contained in this announcement:

Name	Qualification	Date of conclusion or advice
PricewaterhouseCoopers	Certified Public Accountants	January 16, 2026
Roma Appraisals Limited	Certified Asset Valuer	December 29, 2025

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, each of the experts, being a third party independent from the Group and not a connected person of the Group, had no direct or indirect shareholdings in any member of the Group, and had no direct or indirect rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its report and other references to its name in the context.

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

Shanghai, the PRC
January 16, 2026

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.

APPENDIX I — REPORT FROM PRICEWATERHOUSECOOPERS

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE INTANGIBLE ASSET VALUATION OF THE INTELLECTUAL PROPERTY OF THE ASSIGNED ASSETS

TO THE BOARD OF DIRECTORS OF XD INC.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the intangible asset valuation (the “**Valuation**”) dated December 29, 2025 prepared by Roma Appraisals Limited in respect of the appraisal of the market value of the intellectual property of the Assigned Assets including Games and Torchlight IP (“**the Intellectual Property of the Assigned Assets**”) is based. The Valuation is set out in the announcement of XD Inc. (the “**Company**”) dated December 29, 2025 (the “**Announcement**”) and further announcement of the Company dated January 16, 2026 (the “**Further Announcement**”) in connection with the acquisition of the Assigned Assets by XD Entertainment Pte. Ltd., an indirect wholly-owned subsidiary of the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions set out on pages 11 to 12 of the Announcement and pages 2 to 3 of the Further Announcement on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

It is our responsibility, pursuant to paragraph 14.60A(2) of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 11 to 12 of the Announcement and pages 2 to 3 of the Further Announcement. The extent of procedures selected depends on the Reporting Accountant’s judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Intellectual Property of the Assigned Asset.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 11 to 12 of the Announcement and pages 2 to 3 of the Further Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, January 16, 2026

APPENDIX II — LETTER FROM THE BOARD

The following is the text of the letter dated January 16, 2026 from the Board, which was prepared for inclusion in this announcement.

Dear Sirs/Madams

Reference is made to the announcement of the Company dated December 29, 2025 (the “**Announcement**”) in respect of the discloseable transaction for the acquisition of assets and the valuation of assets acquired which constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Unless the context otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

We refer to the valuation conducted by Roma Appraisals Limited, an independent valuer (the “**Valuation**”). We have discussed with the Valuer the different aspects upon which the Valuation was prepared (including the principal and commercial assumptions) and have reviewed the Valuation for which the Valuer is responsible.

We have also considered the report dated January 16, 2026 issued by PricewaterhouseCoopers, being the auditor of the Company, regarding the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

On the basis of the above, we confirm that the forecast has been made after due and careful enquiry by us.

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

Shanghai, the PRC
January 16, 2026