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**XD Inc.**

**心动有限公司**

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

**(Stock code: 2400)**

## **ANNOUNCEMENT**

**(1) PROPOSED ISSUE OF US\$280 MILLION 1.25%  
CONVERTIBLE BONDS DUE 2026**

**AND**

**(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Joint Bookrunners, Joint Managers and Placing Agents**



## **PROPOSED ISSUE OF US\$280 MILLION 1.25% CONVERTIBLE BONDS DUE 2026**

The Board is pleased to announce that on March 31, 2021 (after trading hours), the Company and the Joint Managers have entered into the CB Subscription Agreement, pursuant to which the Joint Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of US\$280 million. The issue price of the Bonds shall be 100.00% of the aggregate principal amount of the Bonds and the denomination of each of the Bonds shall be US\$200,000 and integral multiples of US\$1,000 thereof.

Based on the initial Conversion Price of HK\$63.45 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 34,308,715 Conversion Shares, representing:

- (1) approximately 7.56% of the existing issued share capital of the Company as at the date of this announcement;
- (2) approximately 7.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares under the Bonds (but without taking into account the issue of the Placing Shares); and
- (3) approximately 6.67% of the issued share capital of the Company, as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds and the issue of the Placing Shares.

To the best of the Directors' knowledge, information and belief as at the date of this announcement, each of the Bondholders (and their respective ultimate beneficial owners) is an Independent Third Party.

### **Application for Listing in respect of the Bonds**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in the Bonds on the Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only.

**The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). The Bonds were offered by way of debt issue to professional investors only.**

**The Bonds and the Conversion Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and no public offering will be made in the United States. Neither the Bonds nor the Conversion Shares may be offered or sold within the United States absent registration under, or an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state or local securities laws of the United States.**

**Completion of the CB Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein and may or may not materialise. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The CB Subscription Agreement” below for further information. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **PLACING OF NEW SHARES**

On March 31, 2021, the Company entered into the Placing Agreement with the Placing Agents.

### **Placing**

Pursuant to the Placing Agreement, each of the Placing Agents has agreed to act as the placing agent for the Company, on a best effort basis, to place 26,318,000 Placing Shares at the Placing Price of HK\$42.38 per Share.

To the best of the Director’s knowledge, each of the Placees and its ultimate beneficial owner(s) is and will remain as Independent Third Party upon completion of the Placing.

The obligations of the Placing Agents under the Placing Agreement in respect of the Placing are conditional upon the satisfaction or waiver of certain customary conditions, including but not limited to the absence of certain events constituting material adverse change.

As the completion of the Placing is subject to the satisfaction (or the waiver, if applicable) of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

## **APPLICATION FOR LISTING OF THE CONVERSION SHARES AND THE PLACING SHARES**

The Company will apply for the listing of, and permission to deal in, the Conversion Shares (which may fall to be issued upon exercise of the conversion right attaching to the Bonds) and the Placing Shares.

### **GENERAL MANDATE**

The Conversion Shares and the Placing Shares will be allotted and issued pursuant to the General Mandate and will rank pari passu in all respects with the Shares then in issue on the relevant registration date and as at the completion date of the Placing (as the case may be).

### **USE OF PROCEEDS**

The gross proceeds from the Bonds Issue will be US\$280.0 million. The estimated net proceeds from the Bonds Issue, after deduction of the commissions and other estimated expenses payable, will be approximately US\$275.6 million and which will be paid into the bank account of the Company. Based on such net proceeds and assuming the full conversion of the Bonds at the initial Conversion Price, the net price per Conversion Share is approximately HK\$62.46.

The gross proceeds from the Placing will be approximately HK\$1,115.36 million. The net proceeds from the Placing will be approximately HK\$1,113.0 million. The net price per Share for the Placing after deducting related fees and expenses is approximately HK\$42.29 per Share.

The funds to be raised from the Bonds Issue and the Placing are intended to be used for (i) further enhancing the Company's R&D capability and game portfolios, and promoting the Group's brand awareness and recognition among users; (ii) marketing and promoting games and TapTap; (iii) potential acquisition and strategic investments and (iv) general corporate purposes.

## THE CB SUBSCRIPTION AGREEMENT

The principal terms of the CB Subscription Agreement are summarized as follows:

**Date** March 31, 2021

**Parties** (i) the Company as issuer; and  
(ii) Credit Suisse (Hong Kong) Limited and CLSA Limited as Joint Managers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Joint Managers is an Independent Third Party.

**CB Subscription** The Joint Managers agree to subscribe and pay for, or to procure subscriptions and payments for, the Bonds in an aggregate principal amount of US\$280.0 million at the Issue Price subject to the fulfilment of the conditions precedent set forth in the CB Subscription Agreement and to the termination event set forth in the CB Subscription Agreement.

The Joint Managers have informed the Company that they intend to offer and sell the Bonds to no less than six (6) independent Bondholders (who will be independent individual, corporate and/or institutional investors). The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. None of the Bonds will be offered to the retail public in Hong Kong.

To the best of the Directors' knowledge, information and belief as at the date of this announcement, each of the Bondholders (and their respective ultimate beneficial owners) is an Independent Third Party.

## Conditions Precedent

The obligations of the Joint Managers to subscribe and pay for, or to procure subscriptions and payments for, the Bonds are subject to the fulfilment, prior to or simultaneously at CB Closing of the following conditions to the satisfaction of the Joint Managers:

- (i) on the CB Closing Date:
  - (a) the representations and warranties of the Company in the CB Subscription Agreement being true, accurate and correct in all respects and not misleading in any respect at, and as if made on, the CB Closing Date;
  - (b) the Company having performed all of its respective obligations and undertakings under the CB Subscription Agreement to be performed on or before the CB Closing Date; and
  - (c) there having been delivered to the Joint Managers a certificate, dated the CB Closing Date, signed by a duly authorised officer of the Company substantially in the form as set out in the CB Subscription Agreement to such effects;
- (ii) on the date of the CB Subscription Agreement and on the CB Closing Date, there having been delivered to the Joint Managers letters, in form and substance satisfactory to the Joint Managers, dated the date of the CB Subscription Agreement and the Closing Date, respectively, and addressed to the Manager from PricewaterhouseCoopers, independent auditors to the Company;
- (iii) the Hong Kong Stock Exchange having agreed to list the Conversion Shares issued upon conversion of the Bonds;
- (iv) on the date of the CB Subscription Agreement and on the CB Closing Date, the Company shall have furnished to the Joint Managers a certificate dated the date of the CB Subscription Agreement and addressed to the Joint Managers, signed by the chief financial officer or such other officer responsible for financial affairs of the Company substantially in the form as set out in the CB Subscription Agreement;

- (v) up to the CB Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), which is materially adverse to the financial condition, prospects, results of operations, business or general affairs of any of the Company or the Group;
- (vi) on or prior to the CB Closing Date, there shall have been delivered to the Joint Managers copies of all consents and approvals required on the part of the Company in relation to the issue of the Bonds and the performance of its obligations under the Bonds and all the transactions contemplated under the CB Subscription Agreement, the Trust Deed and the Agency Agreement;
- (vii) on or before the CB Closing Date, there having been delivered to the Joint Managers each of the Trust Deed and the Agency Agreement, duly executed by each party thereto;
- (viii) the Securities Lending Agreement shall be in full force and effect and no default shall have occurred thereunder;
- (ix) a copy of the Enterprise Overseas Debt Issuance Registration Certificate (企業發行外債備案登記證明) with respect to the Bonds issued by NDRC;
- (x) on or before the CB Closing Date, there having been delivered to the Joint Managers opinions, in form and substance reasonably satisfactory to the Joint Managers, dated the CB Closing Date of certain legal opinions on the laws of various jurisdictions; and
- (xi) on or before the date of the CB Subscription Agreement, the Joint Managers shall have received a lock-up agreement from each of Happy Today and Kros Dai Inc. in form and substance satisfactory to the Joint Managers in the agreed form as set out in the CB Subscription Agreement.

**CB Closing**

Completion of the subscription and issue of the Bonds will take place on the CB Closing Date.

**The Company's Lock-up Undertaking**

The Company has undertaken to the Joint Managers that, subject to certain exceptions, none of the Company, any member of the Group or any person acting on their behalf will:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds or the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing,

in any such case without the prior written consent of the Joint Managers between the date hereof and the date which is 90 calendar days after the CB Closing Date (both dates inclusive).



**Undertakings  
by Happy Today  
and Kros Dai Inc.**

The Company's Shareholders, Happy Today and Kros Dai Inc., have undertaken with the Joint Managers that, subject to certain exceptions, neither Happy Today nor Kros Dai Inc. nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf will, for a period commencing from the date of the Placing Agreement to 90 calendar days after the CB Closing Date, without the prior written consent of the Placing Agents:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as the Lock-up Shares or other instruments representing interests in the Lock-up Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares;
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing.

## Termination

Notwithstanding anything contained in the CB Subscription Agreement, the Joint Managers may, by written notice to the Company given at any time prior to payment of the Subscription Price, terminate the CB Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties, representations and undertakings contained in the CB Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the CB Subscription Agreement;
- (b) if any of the conditions precedent has not been satisfied or waived by the Joint Managers on or prior to the CB Closing Date;
- (c) if in the opinion of the Joint Managers, there shall have been, since the date of the CB Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including foreign exchange controls) which would in its view, be likely to prejudice the success of the issue of the Bonds;
- (d) if, in the opinion of the Joint Managers, there shall have occurred any of the following events which would in its view, be likely to prejudice the success of the issue of the Bonds:
  - (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded;
  - (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or

- (iii) a general moratorium on commercial banking activities in the United States, the PRC, the Cayman Islands, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, the Cayman Islands or the United Kingdom; or
- (e) if, in the opinion of the Joint Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the issue and distribution of the Bonds or dealings in the Bonds in the secondary market.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarized as follows:

<b>Issuer</b>	the Company
<b>Issue Price</b>	100.00% of the principal amount of the Bonds.
<b>Issue</b>	US dollar-denominated 1.25% convertible bonds due 2026 in an aggregate principal amount of US\$280.0 million, convertible into fully paid ordinary shares in the issued and paid up capital of the Company.
<b>Form and Denomination</b>	The Bonds will be issued in registered form in the specified denomination of US\$200,000 each and integral multiples of US\$1,000 thereof.
<b>Interest</b>	Interest on the Bonds is payable at the rate of 1.25% per annum payable semi-annually in arrear on April 12, and October 12, in each year, commencing on October 12, 2021. In addition, default interest shall be payable on late payments at two per cent. per annum above such rate aforesaid.
<b>CB Closing Date</b>	On or around April 12, 2021
<b>Maturity Date</b>	April 12, 2026

**Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its principal subsidiaries will, create, permit to subsist or arise or have outstanding, any encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds the same encumbrance as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

**Conversion Period**

Subject to the terms and conditions of the Bonds, each Bond shall entitle the holder to convert such Bond into Shares credited as fully paid at any time during the Conversion Period referred to below.

Subject to and upon compliance with the terms and conditions of the Bonds, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time on or after May 23, 2021 up to the close of business on the seventh day prior to the Maturity Date (both days inclusive) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than 15 days (both days inclusive) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the relevant holder of such Bond then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice in respect of the Bonds held by such holder of the Bonds.

**Conversion Price**

Initially HK\$63.45 per Share, subject to adjustment upon the occurrence of certain prescribed events, namely:

- (a) if there is an alteration to the nominal value of the Shares as a result of consolidation, subdivision, reclassification or re-designation;
- (b) if the Company issues any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) and which would not have constituted a capital distribution;

- (c) in the case of an issue of Shares by way of a scrip dividend where the aggregate Current Market Price of such Shares exceeds the amount of the relevant cash dividend (or relevant part thereof) and which would not have constituted a capital distribution;
- (d) if and whenever the Company pays or makes any capital distribution to the Shareholders (except otherwise subject to other adjustment events);
- (e) if and whenever the Company issues Shares to all or substantially all Shareholders as a class by way of rights, or issues or grants rights, options, warrants or other rights to acquire Shares at less than 95% of the Current Market Price per Share;
- (f) if and whenever the Company issues any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or issues or grants by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities;
- (g) if and whenever the Company issues any Shares or grants any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares at a price which is less than 95% of the Current Market Price (except otherwise subject to other adjustment events);
- (h) if the Company or any of its subsidiaries or any other person (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) issues any securities (other than the Bonds) convertible into Shares at a consideration per Share which is less than 95% of the Current Market Price;
- (i) if and whenever any of the rights of conversion, exchange or subscription attaching to any such securities referred to in (h) immediately above is modified so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95% of the Current Market Price;

- (j) if and whenever the Company or any of its subsidiaries or any other person (at the direction or request of the Company or any of its subsidiaries) issues, sells or distributes any securities in connection with any offer pursuant to which the Shareholders are generally entitled to acquire such securities (except otherwise subject to other adjustment events); or
- (k) if the Company otherwise determines that an adjustment should be made to the Conversion Price.

The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would fall to be issued at a discount to their par value.

No adjustment will be made to the Conversion Price when Shares or other securities are issued, offered or granted to employees of the Company or any subsidiary of the Company pursuant to any share option scheme that is in compliance with the Listing Rules, unless such issuance would result in the total number of Shares which may be issued upon exercise of such Shares or other securities granted during the 12 months prior to such issuance representing, in aggregate, over three per cent. of the average number of issued and outstanding Shares during such 12-month period.

**Adjustment upon a  
Change of Control**

In addition, if a Change of Control shall occur, the Company shall give notice of that fact to the Bondholders in accordance with the terms and conditions of the Bonds within seven days after it becomes aware of such Change of Control. Following the giving of such notice, upon any exercise of conversion rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the notice of the Change of Control is given to the Bondholders, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c/t)}$$

Where:

“NCP” means the new Conversion Price;

“OCP” means the Conversion Price in effect on the relevant Conversion Date;

“CP” means the conversion premium of 35% expressed as a fraction;

“c” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“t” means the number of days from and including the CB Closing Date to but excluding the Maturity Date.

**Ranking of Conversion  
Shares**

The Shares issued upon conversion of the Bonds will be fully-paid and will in all respects rank pari passu with the Shares in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company (the “**Registration Date**”). A holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights the record date for which precedes the relevant Registration Date.

**Redemption  
at Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on or around the Maturity Date. The Company may not redeem the Bonds at its option prior to that date except as provided in the terms and conditions of the Bonds.

**Redemption for  
Taxation Reasons**

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and the Principal Agent at their principal amount together with interest accrued but unpaid to (but excluding) the date of redemption, if immediately prior to the giving of such notice, the Company determines and certifies to the Trustee that (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after March 31, 2021, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

If the Company gives a notice of redemption for taxation reasons, each Bondholder will have the right to elect that his or her Bond(s) shall not be redeemed.

**Redemption at the  
Option of the  
Company**

On giving not less than 30 nor more than 60 days' notice to the Bondholders and to the Trustee and the Principal Agent in writing (which notice will be irrevocable), the Company may redeem all, but not some only, of the Bonds on the date specified in such notice at their principal amount together with interest accrued but unpaid to (but excluding) such date:

- (i) at any time after April 26, 2024 but prior to the Maturity Date, provided that the Closing Price of the Shares of the Company, translated into U.S. dollars at the prevailing rate applicable to the relevant Trading Day, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect (translated into US dollars at the fixed exchange rate specified in the terms and conditions of the Bonds); or



- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with the terms and conditions of the Bonds and consolidated and forming a single series therewith).

**Redemption at the  
Option of the  
Bondholders**

The Company will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on April 12, 2024 at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption.

**Redemption for  
Relevant Event**

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on a specified redemption date at their principal amount together with interest accrued but unpaid to (but excluding) such date.

**Purchase and  
Cancellation**

The Company or any of its subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

All Bonds which are redeemed, converted or purchased by the Company or any of its subsidiaries, will forthwith be cancelled. The Bonds cancelled may not be reissued or resold.

<b>Clearing System</b>	<p>Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A..</p> <p>Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds evidenced by the Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.</p>
<b>Transferability</b>	<p>The Bonds will be freely transferrable subject to certain closed periods, to the terms and conditions of the Bonds and to the terms of the Agency Agreement.</p> <p>Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.</p>
<b>Listing</b>	<p>An application will be made to the Stock Exchange for the listing and quotation of the Bonds. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the conversion of any Bonds.</p>
<b>Status</b>	<p>The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions of the Bonds, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.</p>

## CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price of HK\$63.45 per Share represents:

- (i) a premium of approximately 35.00% over the last closing price of HK\$47.00 per Share as quoted on the Stock Exchange on March 31, 2021 (being the trading day on which the CB Subscription Agreement was signed);
- (ii) a premium of approximately 27.59% over the average closing price of approximately HK\$49.73 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including March 31, 2021; and
- (iii) a premium of approximately 21.16% over the average closing price of approximately HK\$52.37 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including March 31, 2021.

The initial Conversion Price was determined with reference to the prevailing market price of the Shares and the terms and conditions of the CB Subscription Agreement and was negotiated on an arm's length basis between the Company and the Joint Managers after a book-building exercise.

The number of Conversion Shares issuable upon conversion of any Bonds shall be determined by dividing the principal amount of the Bonds converted by the Conversion Price in effect on the relevant conversion date. Based on the initial Conversion Price of HK\$63.45 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 34,308,715 Conversion Shares, representing:

- (i) approximately 7.56% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 7.02% of the issued share capital of the Company, as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds (but without taking into account the issue of the Placing Shares); and
- (iii) approximately 6.67% of the issued share capital of the Company, as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds and the issue of the Placing Shares.

## SECURITIES LENDING ARRANGEMENT

In connection with the proposed issue of the Bonds, Credit Suisse AG, Singapore Branch (the "**Borrower**") as borrower has, (i) on March 17, 2021, entered into a securities lending contract with Happy Today and (ii) March 31, 2021, entered into a letter agreement authorising stock borrow with Happy Today as lender (the "**Lender**"), (collectively, the "**Securities Lending Agreement**"), to allow the Lender to provide stock lending to the Borrower in respect of 27,800,000 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreement.

**Completion of the CB Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The CB Subscription Agreement” above for further information.**

**As the Bonds Issue may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

On March 31, 2021, the Company entered into the Placing Agreement with the Placing Agents. The principal terms of the Placing Agreement are set out below:

### **Date**

March 31, 2021 (after trading hours)

### **Parties**

- (i) the Company; and
- (ii) the Placing Agents.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, none of the Placing Agents and their respective ultimate beneficial owners is a Connected Person of the Company.

Pursuant to the Placing Agreement, each of the Placing Agents has agreed to act as the placing agent for the Company, on a best effort basis, to place the Placing Shares at the Placing Price.

### **Placing Shares**

The 26,318,000 Placing Shares represents approximately 5.80% of the issued share capital of the Company as at the date of the Placing Agreement and approximately 5.48% of the issued share capital of the Company as enlarged by the Placing.

The Placing Shares have a market value of approximately HK\$1,236.95 million based on the closing price of HK\$47.00 per Share as at the date of the Placing Agreement and an aggregate nominal value of US\$2,631.80.

## **Placing Price**

The Placing Price of HK\$42.38 per Share represents:

- (i) a discount of approximately 9.83% to the closing price of HK\$47.00 per Share as quoted on the Stock Exchange on March 31, 2021 (being the last full trading day prior to the signing of the Placing Agreement);
- (ii) a discount of approximately 14.78% to the average closing price of approximately HK\$49.73 per Share as quoted on the Stock Exchange for the last five trading days prior to and including March 31, 2021 (being the last full trading day prior to the signing of the Placing Agreement); and
- (iii) a discount of approximately 19.08% to the average closing price of approximately HK\$52.37 per Share as quoted on the Stock Exchange for the last 10 trading days prior to and including March 31, 2021 (being the last full trading day prior to the signing of the Placing Agreement).

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents, with reference to the market price of the Shares.

The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable under the current market conditions, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **Ranking of the Placing Shares**

The Placing Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue as at the completion date of the Placing including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Set out below are the details of the Placees:

- (i) Bilibili Inc. is a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, and its American Depositary Shares (each representing one Class Z ordinary share), are listed on Nasdaq (stock symbol: BILI), and its Class Z ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 9626). Bilibili Inc. is an iconic brand and a leading video community with a mission to enrich the everyday life of the young generations in China.

- (ii) Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited. It is the direct holding company of certain PRC subsidiaries relating to Taobao Marketplace and Tmall. Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988). As at the date of this announcement, the substantial shareholder (as defined in the Takeovers Code) of Alibaba Group Holding Limited is SoftBank Group Corp., a company listed on the Tokyo Stock Exchange (holding approximately 24.8% of the issued shares of Alibaba Group Holding Limited).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placees and its ultimate beneficial owners are, and will remain as Independent Third Party upon completion of the Placing, and each of the Placees will not become a substantial shareholder (as defined under the Listing Rules) immediately upon the completion of the Placing.

### **Conditions of the Placing**

The obligations of the Placing Agents under the Placing Agreement in respect of the Placing are conditional upon the satisfaction or waiver of the following conditions:

- (i) the absence of certain events constituting material adverse change;
- (ii) the representations and warranties made by the Company remaining true and accurate and not misleading;
- (iii) the Company having complied with the terms of the Placing Agreement;
- (iv) a legal opinion having received by the Placing Agents to the effect that the offer and sale of the Placing Shares are not required to be registered under the U.S. Securities Act; and
- (v) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently revoked).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Completion of the Placing**

Completion of the Placing will take place on April 13, 2021 conditional upon the satisfaction of the conditions of the Placing as set out in the paragraph “Conditions of the Placing” above, or such other date as the Company and the Placing Agents may agree in writing.

## **Lock-up Undertakings by the Company**

The Company shall not, without the prior written consent of the Placing Agents, for a period beginning on the date of the Placing Agreement and ending on the date which is 90 calendar days after the date of the completion of the subscription of the Bonds:

- (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds (as defined in the CB Subscription Agreement) or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds or the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
- (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;
- (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (iv) announce or otherwise make public an intention to do any of the foregoing,

in each case except for (i) the Placing Shares; (ii) the issue of the Bonds under the CB Subscription Agreement and the issue of the Conversion Shares and (iii) the grant of options under any existing publicly announced employee share option scheme of the Company and Shares issued on the exercise of options granted under such employee share option scheme.



**As the completion of the Placing is subject to the satisfaction of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.**

For the avoidance of doubt, the completion of the issue of the Bonds under the CB Subscription Agreement and the completion of the Placing are not interconditional upon each other.

Further announcement(s) will be made upon the completion of the issue of the Bonds and/or the completion of the Placing as and when appropriate in accordance with the requirements of the Listing Rules.

## **LOCK-UP UNDERTAKINGS BY THE PLACEES**

It is expected that each of the Placees will undertake that, neither the Placee nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Placing Agents, for a period beginning on the date of completion of the Placing and ending on the date which is 90 calendar days after completion of the Placing:

- (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Placing Shares held by it or securities of the same class as the Placing Shares held by it or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Placing Shares held by it or securities of the same class as the Placing Shares or other instruments representing interests in the Placing Shares held by it or other securities of the same class as them;
- (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Placing Shares held by it;
- (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of the Placing Shares held by it or other securities, in cash or otherwise; or
- (iv) announce or otherwise make public an intention to do any of the foregoing.

If the above undertaking has not been entered into by the Placees, the Company will make announcement as and when necessary.



## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF (I) PLACING AND (II) THE CONVERSION

The indicative shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing; and (iii) assuming the Bonds are fully converted into the Conversion Shares at the initial Conversion Price of HK\$63.45 on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the conversion of the Bonds in full, save for the issue of the Conversion Shares as a result of the conversion of the Bonds in full; and (b) the Bondholders do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the Bonds in full are as follows:

Shareholders	(i) Existing shareholding structure as at the date of this announcement		(ii) Immediately after the completion of the Placing		(iii) Immediately after the full conversion of the Bonds into the Conversion Shares	
	Approximate % of total		Approximate % of total		Approximate % of total	
	No. of Shares	issued Shares <i>(Note 1)</i>	No. of Shares	issued Shares <i>(Note 1)</i>	No. of Shares	issued Shares <i>(Note 1)</i>
Mr. Huang Yimeng <i>(Note 2)</i>	159,705,000	35.17	159,705,000	33.24	159,705,000	31.03
Mr. Dai Yunjie <i>(Note 2)</i>	67,545,000	14.87	67,545,000	14.06	67,545,000	13.12
Mr. Shen Sheng <i>(Note 2)</i>	11,674,271	2.57	11,674,271	2.43	11,674,271	2.27
Bilibili Inc.	0	0	22,660,000	4.72	22,660,000	4.40
Taobao China Holding Limited	0	0	3,658,000	0.76	3,658,000	0.71
Other Shareholders	215,188,429	47.39	215,188,429	44.79	215,188,429	41.81
Bondholders	0	0	0	0	34,308,715	6.67
<b>Total</b>	<b>454,112,700</b>	<b>100</b>	<b>480,430,700</b>	<b>100</b>	<b>514,739,415</b>	<b>100</b>

### Notes:

- Percentages presented may not add up precisely to the total percentages shown due to rounding.
- Each a Director.

## **USE OF PROCEEDS FROM THE BONDS ISSUE AND THE PLACING**

### **Bonds Issue**

The gross proceeds from the Bonds Issue will be US\$280.0 million. The estimated net proceeds from the Bonds Issue, after deduction of the commissions and other estimated expenses payable, will be approximately US\$275.6 million and which will be paid into the bank account of the Company. Based on such net proceeds and assuming the full conversion of the Bonds at the initial Conversion Price, the net price per Conversion Share is approximately HK\$62.46.

### **Placing**

The gross proceeds from the Placing will be approximately HK\$1,115.36 million. The net proceeds from the Placing will be approximately HK\$1,113.0 million. The net price per Share for the Placing after deducting related fees and expenses is approximately HK\$42.29 per Share.

Set out below is the intended use of the net proceeds from the Bonds Issue and the Placing:

Use of proceeds	Planned allocation of the proceeds				Details of the proposed utilisation plan
	Bond Issue		Placing		
	Percentage	(US\$ million)	Percentage	(HK\$ million)	
Further enhancing the Company's R&D capability and game portfolios	54%	148.8	50%	556.5	The Company intends to use 54% of the Bond Issue proceeds and 50% of the Placing proceeds mainly to strengthen its R&D capability, expand the game portfolios, and to promote the Group's brand awareness and recognition among users, by engaging in further game developments and enhancing TapTap's range of game offerings and functionalities.
Marketing and promoting games and TapTap	36%	99.2	—	—	The Company expects to launch various new games worldwide in the coming three years. The Company will also increase its promotion and marketing activities in respect of TapTap in the overseas markets together with the promotion and marketing of the new games to be launched. In light of this, the Company intends to utilise 36% of the Bond Issue proceeds in marketing and promotion activities.
Potential acquisitions and strategic investments	—	—	20%	222.6	The Company intends to utilise 20% of the Placing proceeds for potential acquisitions and strategic investments as part of the Company's strategies.
General corporate purposes	10%	27.6	30%	333.9	The Company intends to utilise 10% of the Bond Issue proceeds and 30% of the Placing proceeds for supplementing the Group's working capital for general corporate purposes.
<b>Total</b>	<b>100%</b>	<b>275.6</b>	<b>100%</b>	<b>1,113.0</b>	

The vision of the Company is to develop TapTap into a leading international game community and platform, which would require substantial and continuous capital investment. For example, as set out in the announcement of the Company dated 27 August 2020, the Group has agreed to further acquire 18.34% equity interest in Yiwan (Shanghai) Network Science and Technology Co., Ltd. (易玩(上海)網絡科技有限公司) (“Yiwan”) (which is the company operating TapTap), increasing the Group’s holding of equity interest in Yiwan to 74.12%. The Board therefore considers that the proceeds from the Bonds Issue and the Placing would further strengthen the financial position of the Company, in order to allow the Company to seize the development opportunities in the current challenging global economy.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below and the proposed Bonds Issue and the Placing as disclosed in this announcement, the Company did not engage in any equity fund raising activities in the last 12 months.

Date of the announcement	Event	Amount of net proceeds	Intended use of net proceeds	Actual use of net proceeds
23 June 2020	The Company, Kros Dai Inc., CLSA Limited and J.P. Morgan Securities (Asia Pacific) Limited entered into a placing and subscription agreement in respect of the placing of 26,094,200 existing Shares and the top-up subscription by Kros Dai Inc. of 26,094,200 new Shares	Approximately HK\$767.33 million	Approximately 30% or HK\$230.20 million for enhancing the popularity, user engagement and stickiness of TapTap by developing first-party games, enriching the contents and improving content recommendation algorithm in TapTap	HK\$230.20 million has been utilised for the purpose as planned.
			Approximately 25% or HK\$191.83 million for exploring potential opportunities in making further investment in TapTap	HK\$191.83 million has been utilised for the purpose as planned.

Date of the announcement	Event	Amount of net proceeds	Intended use of net proceeds	Actual use of net proceeds
			Approximately 15% or HK\$115.10 million for overseas expansion of TapTap through developing and marketing overseas versions of TapTap	HK\$17.39 million has been utilised for the purpose as planned; HK\$97.71 million has not been utilised, but is intended to be used as planned.
			Approximately 30% or HK\$230.20 million for working capital and general corporate purposes	HK\$54.80 million has been utilised for the purpose as planned; HK\$175.40 million has not been utilised, but is intended to be used as planned.

## **REASONS FOR AND BENEFITS OF THE BONDS ISSUE AND THE PLACING**

The Directors are of the view that the Bonds Issue can provide the Company with additional funds at lower funding cost for the purposes of (A) further enhancing the Company's R&D capability and (B) supplementing the Group's working capital for potential opportunities for strategic development in the future. The Issue Price and the Conversion Price were arrived at after arm's length negotiations between the parties to the CB Subscription Agreement with reference to the prevailing trading prices of the Shares and the financial conditions of the Company.

In addition, the Placing is being undertaken to strengthen the Group's financial position and for the long term funding of its expansion and growth plan. The intended use of proceeds is in line with the Group's strategic focus on enhancing our game development capabilities, further enriching our game portfolio and increasing active user base. The Directors (including the independent non-executive Directors) also consider that it is in the interest of the Company to broaden the shareholder base and the capital base of the Company.

Accordingly, the Directors (including the independent non-executive Directors) consider the terms of (i) the CB Subscription Agreement; (ii) the terms and condition of the Bonds and (iii) the Placing Agreement are fair and reasonable on normal commercial terms and in the interests of the Shareholders and the Company as a whole.

## **GENERAL MANDATE**

By a resolution of the Shareholders passed at the annual general meeting held on 24 June 2020, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the issued ordinary share capital of the Company outstanding as at the date of passing the relevant resolution.

Based on the initial Conversion Price of HK\$63.45 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 34,308,715 Conversion Shares. In addition, the Placing Shares comprise 26,318,000 new Shares. As such, the maximum number of new Shares to be issued following the full conversion of the Bonds and the completion of the Placing is 60,626,715 Shares (with an aggregate nominal value of US\$6,062.67).

As at the date of this announcement, no Shares have been issued or committed to be issued (other than the Bonds Issue and the Placing) pursuant to the General Mandate. Therefore, the maximum number of Shares that the Company may issue under the General Mandate is 85,603,700, representing 18.85% of the issued share capital of the Company of 454,112,700 Shares as at the date of this announcement. The Conversion Shares to be issued upon the conversion of the Bonds and the Placing Shares will be allotted and issued pursuant to the General Mandate. As such, the issue of the Bonds and the Placing Shares are not subject to further approval of the Shareholders.

## **INFORMATION REGARDING THE GROUP**

The Group develops and operates quality games in China and overseas, and also operates TapTap, leading game community and platform in China.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agency Agreement”	the agency agreement in relation to the Bonds to be dated on or around April 12, 2021 between the Company, the Trustee, The Bank of New York Mellon, London Branch, The Bank of New York Mellon SA/NV, Luxembourg Branch and the other paying agents, conversion agents and transfer agents appointed under the Agency Agreement relating to the Bonds
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors of the Company
“Bondholders”	the person in whose name the Bonds are registered (or in the case of a joint holding, the first name thereof)
“Bonds”	the US\$280.0 million 1.25% convertible bonds due 2026
“Bonds Issue”	the issue of the Bonds by the Company
“CB Closing”	completion of the subscription and issue of the Bonds
“CB Closing Date”	April 12, 2021, or such later date as the Company and the Joint Managers may agree
“CB Subscription Agreement”	the subscription agreement dated March 31, 2021 entered into among the Company and the Joint Managers in respect of the issue of the Bonds
“Change of Control”	a “Change of Control” occurs when: <ul style="list-style-type: none"><li>(i) any person or persons acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the CB Closing Date;</li><li>(ii) the Controlling Shareholders, whether directly or indirectly, collectively cease to be the largest shareholder of the Company; or</li></ul>

(iii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons acting together unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or successor entity

“Closing Price”	in respect of a Share for any Trading Day, the closing price published in the Daily Quotation Sheet published by the Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day
“Company”	XD Inc. (心动有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed 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”	the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board or other governing body of the Company, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise
“Controlling Shareholders”	means Mr. Huang Yimeng (黄一孟) and Mr. Dai Yunjie (戴雲傑) and: <ul style="list-style-type: none"><li>(i) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of any of Mr. Huang Yimeng (黄一孟) or Mr. Dai Yunjie (戴雲傑); or</li><li>(ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are any of Mr. Huang Yimeng (黄一孟) or Mr. Dai Yunjie (戴雲傑) and/or such other persons referred to in (i) above</li></ul>
“Conversion Price”	the price at which Shares will be issued upon exercise of a Conversion Right will initially be HK\$63.45 per Share but will be subject to adjustment in the circumstances described in the relevant terms and conditions



“Conversion Right”	as at any date of determination, the principal amount of each Bond divided by the applicable Conversion Price then in effect
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“Current Market Price”	in respect of a Share on a particular date, the arithmetic average of the Closing Price for one Share (being a Share carrying a full entitlement to dividends) for each of the 5 consecutive Trading Days ending on (and including) the Trading Day immediately preceding such date
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Director by resolution of the Shareholders passed at the annual general meeting of the Company held on 24 June 2020
“Global Certificate”	a global bond certificate representing the Bonds to be issued
“Group”	Company and its subsidiaries as a whole
“Happy Today”	Happy Today Holding Limited, a company incorporated under the laws of British Virgin Islands with limited liability, and one of the controlling shareholders of the Company
“Happy Today Lock-up Shares”	any shares held by Happy Today directly (or through nominees) or indirectly through companies controlled by it or their subsidiaries (or through their nominees)
“HK\$” or “HK Dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any entity or person who is not a Connected Person of the Company within the meaning ascribed thereto under the Listing Rules
“Joint Managers” or “Placing Agents”	Credit Suisse (Hong Kong) Limited and CLSA Limited
“Kros Dai Inc.”	Kros Dai Inc., formerly known as Aiks Danger Inc., a company incorporated under the laws of British Virgin Islands with limited liability, and one of the controlling shareholders of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Shares”	any shares held by the Happy Today or Kros Dai Inc., in each case directly (or through nominees) or indirectly through companies controlled by it or their subsidiaries (or through their nominees)
“NDRC”	the National Development and Reform Commission of the PRC
“Placee(s)”	the placee(s) of Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Price”	HK\$42.38 per Share
“Placing Shares”	the 26,318,000 new Shares to be placed to the Placees pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated March 31, 2021 entered into between the Company and the Placing Agents in respect of the Placing
“Principal Agent”	The Bank of New York Mellon, London Branch, as principal paying agent and principal conversion agent
“PRC”	the People’s Republic of China and, for the purposes of this announcement, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Regulation S”	Regulation S under the US Securities Act
“Relevant Event”	occurs: <ul style="list-style-type: none"> <li>(i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive Trading Days on the Stock Exchange or, if applicable, the Alternative Stock Exchange; or</li> <li>(ii) when there is a Change of Control; or</li> </ul>

- (iii) when less than 25 per cent. of the Company's total number of issued Shares are held by the public (as interpreted under LR8.24 of the Listing Rules); or
- (iv) (a) there is any change in, or amendment to, the laws, regulations or rules of the PRC or the official interpretation or application thereof that results in (x) the Group, as a whole, being legally prohibited from operating substantially all of the business operations conducted by it and (y) the Company being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group and (b) the Company has not furnished to the Trustee within twelve months after such change or amendment an opinion from an independent financial adviser or independent legal counsel that the Company is able to continue to derive substantially all of the economic benefits from the business operations or that such change or amendment would not materially adversely affect the Company's ability to make principal and interest payments on the Bonds when due or to convert the Bonds in accordance with the terms and conditions of the Bonds.

“Relevant Indebtedness”

any future or present indebtedness issued outside of the PRC in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement), which for the avoidance of doubt does not include indebtedness under any bilateral, syndicated or club loan or loan facility

“SFC”

the Securities and Futures Commission

“SFO”

the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“Share(s)”

the ordinary share(s) with par value of US\$0.0001 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Day”	a day when the Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“Trust Deed”	the trust deed in relation to the Bonds dated on or around April 12, 2021 between the Company and the Trustee
“Trustee”	The Bank of New York Mellon, London Branch
“US\$” or “US Dollars”	the lawful currency of the United States
“US” or “United States”	the United States of America
“Voting Rights”	the right generally to vote at a general meeting of shareholders of the Company
“%”	per cent.

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

Hong Kong, March 31, 2021

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