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**XD Inc.**

**心动有限公司**

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

**(Stock code: 2400)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024**

### **ANNUAL RESULTS**

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2024 (the “**Reporting Period**”). The results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

### **FINANCIAL PERFORMANCE HIGHLIGHTS**

	<b>For the year ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>%</b>
Revenues	<b>5,012,107</b>	3,389,144	47.9
Gross profit	<b>3,478,530</b>	2,068,370	68.2
Profit/(Loss) for the year	<b>890,491</b>	(65,362)	N/A
Profit/(Loss) attributable to equity holders of the Company	<b>811,530</b>	(83,039)	N/A
Adjusted profit/(loss) for the year*	<b>956,685</b>	(9,406)	N/A
Adjusted profit/(loss) attributable to equity holders of the Company*	<b>876,846</b>	(34,118)	N/A

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

## KEY OPERATING INFORMATION

	For the year ended December 31,		
	2024	2023	Change
	(in thousands)	(in thousands)	%
<b>Online Games</b>			
Average MAUs <sup>(1)</sup>	14,247	12,446	14.5
Average MPUs <sup>(2)</sup>	1,609	1,307	23.1
<b>TapTap</b>			
Average App MAUs in TapTap PRC	44,046	35,810	23.0
Average App MAUs in TapTap International	5,032	5,785	-13.0

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

In 2024, our business and organizational structure stabilized gradually. Our teams fully supported the successful launch of new self-developed games across multiple markets globally while collaboratively promoted the development of the TapTap platform. For our game business, three newly launched games, GoGo Muffin (出發吧麥芬), Sword of Convallaria (鈴蘭之劍), and Heartopia (心動小鎮) emerged as new revenue drivers, contributing to a 64.2% year-on-year growth in our game segment revenue. In terms of TapTap platform business, TapTap PRC achieved an average App MAU of 44.0 million in 2024, representing 23.0% year-on-year growth. The launch of Heartopia (心動小鎮) through close collaboration with TapTap brought substantial number of new users to the platform and enhanced brand recognition. In addition, we completed the regulatory filing for our generative AI service TapSight, integrated AI-powered Q&A modules into TapTap and incorporated DeepSeek's deep thinking capabilities. We have been promoting AI and machine learning tools and technologies in our daily operations, and have been exploring new business opportunities that deeply empowered by these tools and technologies. In the long run, upholding our vision “to impact each and every gamer by promoting the spirit of craftsmanship”, we are committed to continuously offering high quality games to players across the world and supporting developers to create and distribute games in a more convenient way.

In 2024, we provided investors with capital returns through full redemption of convertible bonds and repurchase of shares in the open market. Our Board also recommended the payment of a final dividend of HK\$0.4 per Share for the year ended December 31, 2024.

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

### **Our Games**

As of December 31, 2024, our portfolio consisted of 21 online games and 35 premium games.

#### ***Online Games***

During 2024, the average MAUs of our online games increased by 14.5% year-on-year, while the average MPUs increased by 23.1% year-on-year. The increase in these two figures was primarily attributable to an increase in the number of users for three newly launched games, namely Heartopia (心動小鎮), Sword of Convallaria (鈴蘭之劍) and GoGo Muffin (出發吧麥芬). Such increase was partially offset by a decrease in number of users of Sausage Man (香腸派對) as compared with 2023. For the year ended December 31, 2024, GoGo Muffin (出發吧麥芬), Sausage Man (香腸派對), Sword of Convallaria (鈴蘭之劍),

Torchlight: Infinite (火炬之光: 無限) and Ragnarok M (仙境傳說M) were our top five games in terms of their revenue contribution. An overview of our major games at present is as follows:

- **GoGo Muffin (出發吧麥芬)**: this self-developed idle mobile game was launched in Hong Kong, Macau and Taiwan in January 2024, launched in the domestic market in China in May 2024, launched in the Korean market in September 2024, launched in various overseas countries and regions in December 2024, and launched in Japanese market in February 2025. Currently, the game has completed its launch in the major markets around the world. With a fresh and delightful artwork, coupled with a gameplay that allows for social interaction and strategic planning, the game went viral after its launch and achieved outstanding results.
- **Sausage Man (香腸派對)**: the game was launched in domestic market in China in April 2018 and has been nearly 7 years since it was released. In 2024, the MAUs and MPUs of the game declined as compared to the corresponding period in 2023. However, as a battle arena game, we believe that the game still maintains a huge number of players in the Chinese market and has potential to return to growth. Accordingly, we will continue to enhance the development and operation plans for the game in 2025, with the aim of improving its performance.
- **Sword of Convallaria (鈴蘭之劍)**: the game was launched in Hong Kong, Macau and Taiwan in August 2023, launched in the domestic market in China in November 2023, launched in Japan, Korea and various overseas countries and regions in August 2024. Currently, the game has completed its launch in major markets around the world. The game has received widespread acclaim from SLG game players for its exquisite pixel art style and solid gameplay.
- **Torchlight: Infinite (火炬之光: 無限)**: the game was launched in overseas markets outside of China in October 2022 and launched in the domestic market in China in May 2023. After continuously running for multiple seasons, the game has gained recognition among fans of Diablo-like games. In the future, we hope the game will attract more gamers through more attractive seasonal updates.
- **Ragnarok M (仙境傳說M)**: as the game was launched in the domestic market in China in January 2017, and was subsequently released in various countries and regions worldwide, the game is currently at its maturity stage. Due to the impact of the life cycle of the game, its revenue decreased to a certain extent in 2024 as compared to the corresponding period last year. Ragnarok M: Classic, a special version of Ragnarok M, was released and launched in the domestic market in China in April 2024, and launched in the Southeast Asia market in February 2025. Since the launch, this version of the game has performed well and gained popularity among players. We plan to launch Ragnarok M: Classic in other overseas markets in 2025.

- **Heartopia (心動小鎮):** This self-developed life simulation game was launched in July 2024 in the domestic market in China and was enthusiastically received by players, topping the App Store’s game download rankings multiple times. Currently, we have expanded the development team for the game and are committed to delivering high-quality updates to enrich players’ game experience.

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

We regard our self-developed games as one of the cornerstones of our growth, and we have made a large scale of investment in research and development of games. As at December 31, 2024, we had 724 employees engaged in game development, representing a decrease of 22 employees from December 31, 2023. In 2023, in pursuit of our goal of cost reduction and efficiency enhancement, we gradually ceased or adjusted the research and development of some game projects, while in 2024, our game research and development business experienced stable growth upon the release and the success of some self-developed games as well as the establishment of new research and development projects. As of December 31, 2024, we had 2 online games in development.

### ***Premium Games***

Premium games constitutes our special business component that meets the demand of mobile game users for high quality, pay-to-play games and adds ecological diversity to the TapTap platform. In 2024, the overall account of premium games business was affected by the transition of new and old products, and revenue from long-tailed products declined, but revenue was effectively supported by the launch of great titles such as Hero’s Adventure (大俠立志傳) at the end of the year. Despite the slight decline in the revenue for the year ended December 31, 2024 as compared to 2023, we have continued to optimize our product portfolio to drive the steady development of our business. Looking ahead to 2025, we will bring in highly anticipated premium mobile game products such as Totally Accurate Battle Simulator (全面憨憨戰爭模擬器), Dave the Diver (潛水員戴夫) and Volcano Princess (火山的女兒), and expand more premium products in both domestic and overseas markets as well as across multiple platforms to bring more quality products to our users with an enriched game experience.

### **TapTap**

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

## ***TapTap PRC***

For the year ended December 31, 2024, the average App MAUs of TapTap PRC was 44.0 million, representing an increase of 23.0% on a year-on-year basis. Such increase in MAUs was mainly because (i) in 2024, some highly popular mobile games were launched in the domestic market of China, and among them, some even entered into exclusive or in-depth cooperations with TapTap; (ii) our self-developed game Heartopia (心動小鎮) was released exclusively on TapTap and brought in new users, and (iii) there were increase of marketing campaigns for TapTap and the introduction of new marketing and promotion methods. In 2024, we have strengthened support for high-quality pay-to-play games for gaining more exposure. Meanwhile, TapTap's server and bandwidth costs had been optimized, reducing per-user costs compared to the corresponding period last year. In the second and third quarters of 2024, we successfully hosted the 5th Annual TapTap Presents, a series of Developers Workshops and the "Spotlight Game Jam" game development competition, which generated positive engagement from both gamers and developers.

Currently, we have integrated an AI-powered Q&A module into TapTap with access to DeepSeek's deep thinking capabilities in order to provide the most relevant and practical game information to game players. We have also strengthened our support for mini-program games and PC games in order to provide players with an enriched and more convenient game experience.

## ***TapTap International***

For the year ended December 31, 2024, the average App MAUs of TapTap International was 5.0 million, representing a decrease of 13.0% on a year-on-year basis. The decrease in MAUs was mainly attributable to (i) the significant decrease in number of users from India due to the impacts of certain popular games; and (ii) the significant reduction in overseas marketing expenditures for cost control purposes.

In 2024, we optimized international team, and we have begun to establish brand awareness and a good reputation in assisting developers to conduct overseas testing and publication of their new games. Our international team is currently exploring opportunities for long-term growth under constrained resource allocation.

## FINANCIAL REVIEW

### Revenue

Our revenue is mainly derived from (i) games, the principal operating business where we generate revenue primarily from sales of in-game virtual items in online games and sales of premium games through third-party and our proprietary distribution platforms; and (ii) TapTap platform, where we generate revenue primarily from providing online marketing services on TapTap. The following table sets forth our revenue by line of business for the year ended December 31, 2024 and 2023.

	For the year ended December 31,			
	2024		2023	
	Amount	% of revenue	Amount	% of revenue
	<i>(RMB in thousands, except for percentages)</i>			
<b>Games</b>	<b>3,434,061</b>	<b>68.5</b>	2,091,685	61.7
Game operating	<b>3,427,520</b>	<b>68.4</b>	2,082,051	61.4
Online games	<b>3,316,789</b>	<b>66.2</b>	1,961,469	57.9
Premium games	<b>110,731</b>	<b>2.2</b>	120,582	3.5
Others	<b>6,541</b>	<b>0.1</b>	9,634	0.3
<b>TapTap platform</b>	<b>1,578,046</b>	<b>31.5</b>	1,297,459	38.3
<b>Total revenue</b>	<b><u>5,012,107</u></b>	<b><u>100.0</u></b>	<b><u>3,389,144</u></b>	<b><u>100.0</u></b>

### Games

Our revenue from game business increased by 64.2% to RMB3,434.1 million for the year ended December 31, 2024 on a year-on-year basis. In particular,

- Our revenue from online games increased by 69.1% to RMB3,316.8 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to (i) the increase in revenue from newly launched games GoGo Muffin (出發吧麥芬), Sword of Convallaria (鈴蘭之劍) and Heartopia (心動小鎮); and (ii) partially offset by the decrease in revenue from certain existing games; and
- Our revenue from premium games decreased by 8.2% to RMB110.7 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decrease in revenue from certain existing premium games, and partially offset by newly launched premium games.



The following table sets forth a breakdown of our game operating revenue by revenue recognition method for the years ended December 31, 2024 and 2023.

	For the year ended December 31,			
	2024		2023	
	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>			
Revenue recognized on a gross basis	3,280,128	95.7	1,902,833	91.4
Revenue recognized on a net basis	<u>147,392</u>	<u>4.3</u>	<u>179,218</u>	<u>8.6</u>
<b>Total game operating revenue</b>	<b><u>3,427,520</u></b>	<b><u>100.0</u></b>	<b><u>2,082,051</u></b>	<b><u>100.0</u></b>

Our game operating revenue recognized on a gross basis increased by 72.4% to RMB3,280.1 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the increases in revenue from newly launched games GoGo Muffin (出發吧麥芬), Sword of Convallaria (鈴蘭之劍) and Heartopia (心動小鎮), and partially offset by the decrease in revenues from certain existing games. Our game operating revenue recognized on a net basis decreased by 17.8% to RMB147.4 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to the decrease in revenue from Ragnarok M (仙境傳說M) in overseas markets.

### TapTap Platform

Our revenue from TapTap platform business increased by 21.6% to RMB1,578.0 million for the year ended December 31, 2024 on a year-on-year basis. This increase in revenue is generally in line with the average App MAUs of TapTap PRC increased by 23.0% to 44.0 million for the year ended December 31, 2024 on a year-on-year basis.

We have yet monetized TapTap International.



## Cost of Revenue

Our cost of revenue increased by 16.1% to RMB1,534 million for the year ended December 31, 2024 on a year-on-year basis. The following table sets forth our cost of revenue by line of business for the year ended December 31, 2024 and 2023.

	For the year ended December 31, 2024		2023	
	Amount	% of segment revenue	Amount	% of segment revenue
	<i>(RMB in thousands, except for percentages)</i>			
Games	1,285,876	37.4	1,115,547	53.3
TapTap platform	247,701	15.7	205,227	15.8
<b>Total</b>	<b>1,533,577</b>	<b>30.6</b>	<b>1,320,774</b>	<b>39.0</b>

Our cost of revenue for game business primarily consists of sharing of proceeds with game developers and commissions charged by distribution platforms and payment channels where we act as a principal, bandwidth and servers custody fee and employee benefits expenses. Our cost of revenue for TapTap platform business primarily consists of bandwidth and servers custody fee and employee benefits expenses. The following table sets forth our cost of revenue by nature for the years ended December 31, 2024 and 2023.

	For the year ended December 31, 2024		2023	
	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>			
Commissions charged by distribution platforms and payment channels	668,947	43.6	354,067	26.8
Sharing of proceeds to game developers	329,216	21.5	469,656	35.6
Bandwidth and servers custody fee	247,307	16.1	230,094	17.4
Employee benefits expenses	115,489	7.6	123,313	9.3
Professional and technical service fee	70,873	4.6	65,694	5.0
Amortization of intangible assets	35,829	2.3	43,410	3.3
Others	65,916	4.3	34,540	2.6
<b>Total</b>	<b>1,533,577</b>	<b>100.0</b>	<b>1,320,774</b>	<b>100.0</b>

Our cost of revenue for game business increased by 15.3% to RMB1,285.9 million for the year ended December 31, 2024 on a year-on-year basis, primarily due to (i) the increases in commissions charged by payment channels and distribution channels, which were mainly due to the increase in revenue generated from the newly launched games GoGo Muffin (出發吧麥芬) and Sword of Convallaria (鈴蘭之劍) in overseas markets; and (ii) partially offset by the decreases in sharing of proceeds to game developers, which were mainly due to the decreases in revenue from Sausage Man (香腸派對), Ulala (不休的烏拉拉) and other licensed games.

Our cost of revenue for TapTap platform business increased by 20.7% to RMB247.7 million for the year ended December 31, 2024 on a year-on-year basis, primarily attributable to (i) the increase in bandwidth and servers custody fee, which was generally in line with the increase in the average App MAUs of TapTap PRC; and (ii) the increase in value-added tax (VAT) input transfer out and tax surcharges, which was in relating to our revenue growth.

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

As a result of the foregoing, our gross profit increased by 68.2% to RMB3,478.5 million for the year ended December 31, 2024 on a year-on-year basis. Our gross margin was 69.4% for the year ended December 31, 2024, which was higher than the gross margin for the year ended December 31, 2023, primarily due to (i) an improvement of our gross margin of game segment from 46.7% for the year ended December 31, 2023 to 62.6% for the year ended December 31, 2024, as a result of the increases in revenue in self-developed games, which in general enjoyed higher gross margin than licensed games; and (ii) partially offset by a decrease in the contribution of revenue from our TapTap platform business to our total revenue from 38.3% for the year ended December 31, 2023 to 31.5% for the year ended December 31, 2024, which in general enjoyed a higher gross margin than the game business.

### **Selling and Marketing Expenses**

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

Our selling and marketing expenses increased by 61.5% to RMB1,397.3 million for the year ended December 31, 2024 on a year-on-year basis. This was primarily attributable to (i) promotion and advertising expenses for newly launched games; and (ii) the increased marketing expenses of TapTap PRC.

## **Research and Development Expenses**

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

Our research and development expenses decreased by 9.5% to RMB919.4 million for the year ended December 31, 2024 on a year-on-year basis. This was primarily attributable to (i) the decrease in share-based payments, mainly due to a one-off share option claw-back of RMB20.8 million in relating to certain former research and development employees; and (ii) the decreases in depreciation of property, plant and equipment and right-of-use assets. The number of our research and development personnel decreased from 1,031 as at December 31, 2023 to 993 as at December 31, 2024.

## **General and Administrative Expenses**

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

Our general and administrative expenses increased by 18.8% to RMB266.9 million for the year ended December 31, 2024 on a year-on-year basis. This was primarily due to the increases in performance-based bonus and share-based payments.

## **Other Losses, Net**

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

Our foreign exchange net losses were RMB19.7 million for the year ended December 31, 2024, compared to foreign exchange net losses of RMB19.9 million for the year ended December 31, 2023. This was primarily due to depreciation of RMB/USD and RMB/HKD exchange rates in 2024. Our net gain on repurchase of convertible bonds was RMB5.0 million for the year ended December 31, 2024.

## **Income Tax Expenses**

We recorded income tax expenses of RMB44.9 million for the year ended December 31, 2024, compared to income tax expenses of RMB35.3 million for the corresponding period in 2023. Among which, we recorded a current income tax expense of RMB15.0 million and a deferred income tax expense of RMB29.9 million in relation to the deferred tax assets we recognized in previous years.

## Profit/(Loss) for the Year

Our net profit for the year was RMB890.5 million for the year ended December 31, 2024, comparing a net loss of RMB65.4 million for the year ended December 31, 2023.

## Profit/(Loss) for the Year Attributable to Equity Holders of the Company

Our net profit for the year attributable to equity holders of the Company was RMB811.5 million for the year ended December 31, 2024, comparing a net loss for the year attributable to equity holders of the Company of RMB83.0 million for the corresponding period of 2023.

Our net profit for the year attributable to non-controlling interests primarily belonged to non-controlling interests in (i) Yiwán (Shanghai) Network Science and Technology Co., Ltd. (易玩(上海)網絡科技有限公司) (“**Yiwán**”); and (ii) Taptap Holding Limited.

## Other Financial Information

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

	For the year ended	
	December 31,	
	2024	2023
	(RMB'000)	(RMB'000)
<b>Operating profit/(loss)</b>	<b>914,789</b>	(5,222)
<b>Adjustments:</b>		
Other income	(28,574)	(48,941)
Other losses, net	9,774	16,509
Depreciation of property, plant and equipment	21,768	46,535
Depreciation of right-of-use assets	39,558	45,816
Amortization of intangible assets	39,893	52,323
<b>EBITDA</b>	<b>997,208</b>	107,020
Share-based compensation expenses	59,235	51,364
<b>Adjusted EBITDA</b>	<b>1,056,443</b>	158,384

## Non-IFRS Measures

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

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b>Profit/(loss) for the year</b>	<b>890,491</b>	<b>(65,362)</b>
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	<b>7,963</b>	5,727
Share-based compensation expenses	<b>59,235</b>	51,364
Less:		
Income tax effects	<b>(1,004)</b>	(1,135)
<b>Adjusted profit/(loss) for the year</b>	<b><u>956,685</u></b>	<b><u>(9,406)</u></b>
	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b>Profit/(loss) attributable to equity holders of the Company</b>	<b>811,530</b>	<b>(83,039)</b>
Add:		
Fair value changes on long-term investments measured at fair value through profit or loss	<b>7,310</b>	4,864
Share-based compensation expenses	<b>58,847</b>	44,976
Less:		
Income tax effects	<b>(841)</b>	(919)
<b>Adjusted profit/(loss) attributable to equity holders of the Company</b>	<b><u>876,846</u></b>	<b><u>(34,118)</u></b>

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

## Liquidity and Capital Resources

Our cash positions and short-term investments as at December 31, 2024 and December 31, 2023 are as follows:

	<b>As at December 31, 2024 (RMB'000)</b>	As at December 31, 2023 (RMB'000)
Cash and cash equivalents	<b>2,781,173</b>	3,206,821
Short-term investments		
— Term deposits with initial terms over three months	<b>50,000</b>	—
— Wealth management products	<b>78,984</b>	147,657
	<b><u>2,910,157</u></b>	<b><u>3,354,478</u></b>

As at December 31, 2024, our short-term investments are mainly consist of wealth management products issued by large reputable commercial banks. These wealth management products invest principally in low risk and fixed-income instruments with liquidity that are quoted on the interbank market or exchanges in China. The returns of such wealth management products are not guaranteed or protected by the issuing banks. Term deposits above three months and within one year are measured at amortized cost. The interest rates of these deposits were 1.30% per annum and the terms are six months.

The decrease of our cash positions and short-term investments was primarily due to (i) redemption of Convertible Bonds of RMB1,137.3 million and repurchase of Convertible Bonds of RMB422.7 million; (ii) payment for acquisition of additional equity interests in subsidiaries of RMB79.1 million; (iii) repurchase by the Trustee pursuant to the 2024 RSU Scheme of our Shares of RMB48.6 million; and (iv) partially offset by the net cash flows generated from operating activities of RMB1,280.4 million for the year ended December 31, 2024.

As of December 31, 2024, all of the outstanding Convertible Bonds have been redeemed and cancelled, and there are no outstanding Convertible Bonds in issue. As of December 31, 2024, we did not have any borrowings or unutilized banking facilities.

## **Gearing Ratio**

Our gearing ratio was 30.8% as at December 31, 2024, comparing a gearing ratio of 57.6% as at December 31, 2023. This ratio was calculated as total liabilities divided by total assets.

## **Material Acquisitions of Subsidiaries, Associates and Joint Ventures**

### ***Share and Connected Transaction — Acquisition of X.D. Global (HK) Limited***

References were made to the announcement and circular (the “**Circular**”) of the Company dated April 9, 2024 and June 3, 2024, respectively in relation to, among others, the acquisition of 35% shareholding in X.D. Global (HK) Limited. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On April 9, 2024, the Company entered into the Sale and Purchase Agreement with EDragon and LY Development and the Purchaser, pursuant to which, the Purchaser has conditionally agreed to acquire, and EDragon and LY Development have severally and conditionally agreed to sell, the Target Shares, representing in aggregate 35% shareholding in X.D. Global (HK) Limited, subject to and on the terms and conditions of the Sale and Purchase Agreement.

The Initial Consideration for the Acquisition under the Sale and Purchase Agreement was an aggregate of US\$21,639,320, which was settled (i) as to US\$17,339,320 by the allotment and issue of 7,405,714 and 2,194,286 Consideration Shares by the Company to EDragon and LY Development respectively at the Issue Price of HK\$14.20 per Consideration Share; and (ii) as to US\$3,317,143 and US\$982,857 in cash paid by the Purchaser to EDragon and LY Development, respectively. The Consideration Shares representing approximately 1.51% and 0.45% of the enlarged issued share capital of the Company immediately following the allotment and issue of the Consideration Shares.

On September 6, 2024, all the conditions under the Sale and Purchase Agreement were fulfilled, and Completion took place in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon Completion, X.D. Global (HK) Limited became a direct wholly-owned subsidiary of the Purchaser (which is in turn a direct wholly-owned subsidiary of the Company), and the financial results of X.D. Global (HK) Limited remain consolidated into the financial results of the Group.

For details, please refer to the announcements of the Company dated April 9, 2024 and September 6, 2024 and the circular dated June 3, 2024.

Save as disclosed above, for the year ended December 31, 2024, the Company had no other material acquisition and disposal of subsidiaries, associated companies and joint ventures.



## **Pledge of Assets**

As of December 31, 2024, we did not pledge any of our assets.

## **Future Plans for Material Investments or Capital Assets**

As of December 31, 2024, we did not have any future plans for material investments or capital assets.

## **Foreign Exchange Risk Management**

We generate revenue from overseas markets in relation to our international business, and therefore, we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars and Hong Kong dollars. We also pay licensing fees for foreign game developers and intellectual property providers, which are primarily in US dollars. We currently do not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

## **Contingent Liabilities**

As of December 31, 2024, we did not have any material contingent liabilities.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Notes	RMB'000	RMB'000
Revenues	3	5,012,107	3,389,144
Cost of revenues	3, 4	<u>(1,533,577)</u>	<u>(1,320,774)</u>
<b>Gross profit</b>		<b>3,478,530</b>	<b>2,068,370</b>
Selling and marketing expenses	4	(1,397,251)	(865,237)
Research and development expenses	4	(919,446)	(1,015,657)
General and administrative expenses	4	(266,917)	(224,613)
Net impairment reversal/(losses) on financial assets	4	1,073	(517)
Other income	5	28,574	48,941
Other losses, net	6	<u>(9,774)</u>	<u>(16,509)</u>
<b>Operating profit/(loss)</b>		<b>914,789</b>	<b>(5,222)</b>
Finance income		38,219	90,058
Finance costs		<u>(24,084)</u>	<u>(119,924)</u>
Finance income/(costs), net	7	14,135	(29,866)
Share of results of investments accounted for using equity method		6,458	19,884
Impairment of investments accounted for using equity method		<u>—</u>	<u>(14,894)</u>
<b>Profit/(loss) before income tax</b>		<b>935,382</b>	<b>(30,098)</b>
Income tax expenses	8	<u>(44,891)</u>	<u>(35,264)</u>
<b>Profit/(loss) for the year</b>		<b><u>890,491</u></b>	<b><u>(65,362)</u></b>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		1,646	(591)
<i>Items that may not be reclassified to profit or loss</i>			
— Currency translation differences		<u>27,413</u>	<u>22,126</u>
<b>Total comprehensive income/(loss) for the year</b>		<b><u><u>919,550</u></u></b>	<b><u><u>(43,827)</u></u></b>

		<b>Year ended December 31,</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Equity holders of the Company		<b>811,530</b>	(83,039)
Non-controlling interests		<b>78,961</b>	17,677
		<u><b>890,491</b></u>	<u>(65,362)</u>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Equity holders of the Company		<b>840,986</b>	(61,678)
Non-controlling interests		<b>78,564</b>	17,851
		<u><b>919,550</b></u>	<u>(43,827)</u>
<b>Earnings/(loss) per share for profit/(loss) for the year attributable to the equity holders of the Company</b>			
Basic earnings/(loss) per share (RMB)	<i>9</i>	<b>1.71</b>	(0.18)
Diluted earnings/(loss) per share (RMB)	<i>9</i>	<b>1.69</b>	(0.18)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

		As at December 31,	
		2024	2023
	Notes	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		24,987	43,693
Right-of-use assets		143,793	192,680
Intangible assets		228,113	233,416
Deferred tax assets		32,795	48,920
Investments accounted for using the equity method		111,039	122,561
Long-term investments measured at fair value through profit or loss		10,879	18,840
Prepayments, deposits and other assets		24,916	36,225
		<u>576,522</u>	<u>696,335</u>
<b>Current assets</b>			
Trade receivables	10	333,413	286,809
Prepayments, deposits and other assets		103,109	71,820
Short-term investments		128,984	147,657
Cash and cash equivalents		2,781,173	3,206,821
		<u>3,346,679</u>	<u>3,713,107</u>
<b>Total assets</b>		<u><u>3,923,201</u></u>	<u><u>4,409,442</u></u>

		<b>As at December 31,</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY</b>			
Share capital	<i>11</i>	<b>336</b>	329
Share premium	<i>11</i>	<b>7,217,458</b>	7,036,290
Treasury shares	<i>11</i>	<b>(48,561)</b>	(6)
Other reserves		<b>(4,699,016)</b>	(4,490,917)
Retained earnings/(Accumulated deficit)		<b>43,602</b>	(836,523)
		<hr/>	<hr/>
<b>Equity attributable to equity holders of the Company</b>		<b>2,513,819</b>	1,709,173
Non-controlling interests		<b>200,800</b>	159,578
		<hr/>	<hr/>
<b>Total equity</b>		<b><u>2,714,619</u></b>	<b><u>1,868,751</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>115,419</b>	158,636
Deferred tax liabilities		<b>13,755</b>	—
		<hr/>	<hr/>
		<b>129,174</b>	158,636
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>186,340</b>	194,906
Advance from customers		<b>48,165</b>	53,008
Other payables and accruals		<b>382,501</b>	275,239
Contract liabilities		<b>321,872</b>	180,780
Current income tax liabilities		<b>96,777</b>	80,352
Lease liabilities		<b>43,753</b>	44,623
Convertible bonds	<i>13</i>	<b>—</b>	1,553,147
		<hr/>	<hr/>
		<b>1,079,408</b>	2,382,055
		<hr/>	<hr/>
<b>Total liabilities</b>		<b><u>1,208,582</u></b>	<b><u>2,540,691</u></b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b><u>3,923,201</u></b>	<b><u>4,409,442</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

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

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

The consolidated financial statements for the year ended December 31, 2023 and 2024 are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated.

## 2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (“**IFRS Accounting Standards**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(a) *New and amended standards adopted by the Group***

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as current and non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

The adoption of these new and amended standards does not have material impact on the consolidated financial statements of the Group.

**(b) *New standards and amendments not yet adopted by the management of the Group***

The following new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2024 and have not been early adopted by the Group in preparing these consolidated financial statements. None of these new standards and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

		<b>Effective for accounting year beginning on or after</b>
Amendments to IAS 21	Lack of exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	January 1, 2026
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is still in the process of assessing the impact of these new or revised standards, and amendments. According to the preliminary assessment made by the directors, except for IFRS 18 which will have pervasive impact on presentation and disclosure in the financial statements, in particularly those related to the statement of financial performance, no significant effect on the Group's financial statement is expected. The Group will continue to assess the effects of these new and amended standards.



### 3 Segment information and revenue

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

#### *Game segment*

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

#### *TapTap platform segment*

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

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

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

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

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

As at December 31, 2023 and 2024, substantially all of the non-current assets of the Group were located in the PRC.

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

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

	Year ended December 31, 2024		
	Game segment <i>RMB'000</i>	TapTap platform segment <i>RMB'000</i>	Total <i>RMB'000</i>
Game operating revenues			
— Online Games (free-to-play)	3,316,789	—	3,316,789
— Premium Games (pay-to-play)	110,731	—	110,731
<b>Subtotal</b>	<b>3,427,520</b>	<b>—</b>	<b>3,427,520</b>
Online marketing service revenue	—	1,527,168	1,527,168
Others	6,541	50,878	57,419
<b>Total revenues</b>	<b>3,434,061</b>	<b>1,578,046</b>	<b>5,012,107</b>
Cost of revenues	(1,285,876)	(247,701)	(1,533,577)
<b>Gross profit</b>	<b>2,148,185</b>	<b>1,330,345</b>	<b>3,478,530</b>
<b>Gross margin</b>	<b>63%</b>	<b>84%</b>	<b>69%</b>
Amortization of intangible assets	(31,073)	(4,756)	(35,829)
Depreciation of right-to-use assets	(753)	(4,993)	(5,746)
Depreciation of property, plant and equipment	(117)	(2,268)	(2,385)

	Year ended December 31, 2023		
	Game segment <i>RMB'000</i>	TapTap platform segment <i>RMB'000</i>	Total <i>RMB'000</i>
Game operating revenues			
— Online Games (free-to-play)	1,961,469	—	1,961,469
— Premium Games (pay-to-play)	120,582	—	120,582
<b>Subtotal</b>	<b>2,082,051</b>	<b>—</b>	<b>2,082,051</b>
Online marketing service revenue	—	1,256,280	1,256,280
Others	9,634	41,179	50,813
<b>Total revenues</b>	<b>2,091,685</b>	<b>1,297,459</b>	<b>3,389,144</b>
Cost of revenues	(1,115,547)	(205,227)	(1,320,774)
<b>Gross profit</b>	<b>976,138</b>	<b>1,092,232</b>	<b>2,068,370</b>
<b>Gross margin</b>	<b>47%</b>	<b>84%</b>	<b>61%</b>
Amortization of intangible assets	(38,654)	(4,756)	(43,410)
Depreciation of right-to-use assets	(566)	(3,806)	(4,372)
Depreciation of property, plant and equipment	(1,647)	(1,649)	(3,296)

Revenues of approximately RMB1,301 million and RMB1,522 million for the years ended December 31, 2023 and 2024, respectively, were from five largest single external customers.

The following table summarizes the percentage of revenue from a single customer individually exceeding 10% of the Group's revenue during the years ended December 31, 2023 and 2024, respectively.

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Online marketing service revenue</b>		
Customer A	<u><u>14%</u></u>	<u><u>21%</u></u>

The table below sets forth a breakdown of the Group's revenue by timing of recognition for the years ended December 31, 2023 and 2024, respectively:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Over time	<b>2,485,719</b>	1,096,790
At a point of time	<u><u>2,526,388</u></u>	<u>2,292,354</u>
	<u><u>5,012,107</u></u>	<u><u>3,389,144</u></u>

The table below sets forth a breakdown of the Group's revenue by geographical areas for the years ended December 31, 2023 and 2024, respectively:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Game operating revenue</b>		
Mainland China	<b>2,134,300</b>	1,394,503
Other areas ( <i>Note a</i> )	<u><u>1,293,220</u></u>	<u>687,548</u>
<b>Total</b>	<u><u>3,427,520</u></u>	<u><u>2,082,051</u></u>
<b>Online marketing service revenue</b>		
Mainland China	<u><u>1,527,168</u></u>	<u><u>1,256,280</u></u>

(a) Other areas revenue mainly include game revenue from local versions operated in Southeast Asia, Hong Kong, Macao, Taiwan, North America, Japan and South Korea.

#### 4 Expenses by nature

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Promotion and advertising expenses	1,265,727	764,565
Employee benefits expenses	1,195,894	1,178,497
Commissions charged by Payment Channels and Distribution Channels	668,947	354,067
Sharing of proceeds to game developers	329,216	469,656
Bandwidth and server custody fee	249,765	235,502
Professional and technical services fee	193,625	169,890
Amortization of intangible assets	39,893	52,323
Tax surcharges	39,713	37,528
Depreciation of right-of-use assets	39,558	45,816
Office expenses	38,729	37,797
Depreciation of property, plant and equipment	21,768	46,535
Rental expenses and utilities	8,029	9,111
Impairment of non-financial assets	6,816	10,001
Auditor's remuneration		
— Audit service	3,520	4,140
— Non-audit service	870	870
Net impairment (reversal)/losses on financial assets	(1,073)	517
Others	15,121	9,983
<b>Total</b>	<b>4,116,118</b>	<b>3,426,798</b>

## 5 Other income

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government subsidies	28,574	46,691
Interest income from term deposits above three months	—	2,250
<b>Total</b>	<b>28,574</b>	<b>48,941</b>

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

## 6 Other losses, net

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Foreign exchange loss, net	(19,662)	(19,878)
Net gain on repurchase of convertible bonds ( <i>Note 13</i> )	4,975	6,371
Fair value changes of wealth management products issued by commercial banks	4,767	7,175
Fair value changes of long-term investments measured at fair value through profit or loss	(7,963)	(5,727)
Gain/(loss) on disposal of non-current assets	2,686	(4,887)
Others	5,423	437
<b>Total</b>	<b>(9,774)</b>	<b>(16,509)</b>

## 7 Finance income/(costs), net

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income from bank deposits	38,219	90,058
<b>Finance costs</b>		
Interest expenses on convertible bonds	(8,701)	(103,139)
Interest expenses on lease liabilities	(8,505)	(11,040)
Interest expenses on borrowing	(1,518)	—
Bank charges	(5,360)	(5,745)
<b>Finance income/(costs), net</b>	<b>14,135</b>	<b>(29,866)</b>

## 8 Income tax

### *Cayman Islands*

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

### *British Virgin Islands*

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

### *Hong Kong*

Hong Kong profits tax rate is 16.5%.

### *Singapore*

Singapore profits tax rate is 17%.



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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended December 31, 2023 and 2024.

Certain subsidiary of the Group in the PRC, accordingly, is qualified as “high and new technology enterprise” and entitled to a preferential income tax rate of 15% during the years ended December 31, 2023 and 2024.

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

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

### ***PRC Withholding Tax (“WHT”)***

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

	<b>Year ended December 31,</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	<b>14,959</b>	8,004
Deferred income tax	<b>29,932</b>	27,260
<b>Total income tax expenses</b>	<b><u>44,891</u></b>	<b><u>35,264</u></b>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended December 31, 2023 and 2024, being the tax rate of the major subsidiaries of the Group.

## **9 Earnings/(loss) per share**

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of the Company by the weighted average number of shares in issue during the respective years.

	<b>Year ended December 31,</b>	
	<b>2024</b>	2023
Earnings/(loss) attributable to equity holders of the Company (RMB'000)	<b>811,530</b>	(83,039)
Weighted average number of shares in issue (thousands)	<b>474,249</b>	472,015
<b>Basic earnings/(loss) per share (in RMB)</b>	<b><u>1.71</u></b>	<b><u>(0.18)</u></b>

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended December 31, 2023, the Group had potential dilutive ordinary shares arising from convertible bonds and share options. As the Group incurred loss for the year ended December 31, 2023, the dilutive potential ordinary shares arising from convertible bonds and share options were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. For the year ended December 31, 2024, the Group had potential dilutive ordinary shares arising from convertible bonds, share options and restricted share units.

	<b>Year ended December 31, 2024</b>
Profit attributable to equity holders of the Company (RMB'000)	<b>811,530</b>
Interest cost savings on convertible bonds (RMB'000)	<u>3,756</u>
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'000)	<b>815,286</b>
Weighted average number of shares in issue (thousands)	<b>474,249</b>
Adjustments for convertible bonds (thousands)	<b>5,744</b>
Adjustments for share options and restricted share units (thousands)	<u>3,237</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<u>480,230</u>
<b>Diluted earnings per share (in RMB)</b>	<b><u><u>1.69</u></u></b>

## 10 Trade receivables

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Distribution Channels and game publishers	<b>214,598</b>	166,925
Online marketing service customers	<b>120,283</b>	122,778
Others	<u>21</u>	<u>1,428</u>
	<b>334,902</b>	291,131
Less: allowance for impairment	<u>(1,489)</u>	<u>(4,322)</u>
	<b><u><u>333,413</u></u></b>	<b><u><u>286,809</u></u></b>

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

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 3 months	<b>291,499</b>	273,431
3 months to 6 months	<b>41,300</b>	13,109
6 months to 1 year	<b>1,992</b>	1,640
1 to 2 years	<b>106</b>	2,284
Over 2 years	<b>5</b>	667
	<b>334,902</b>	<b>291,131</b>

## 11 Share capital, share premium and treasury shares

	Number of shares '000	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Treasury shares (Note a) RMB'000
<b>Authorized</b>					
Ordinary shares of USD0.0001 each; January 25, 2019 (date of incorporation)	1,000,000	100	—	—	—
<b>As at December 31, 2023 and 2024</b>	<b>1,000,000</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Issued and fully paid</b>					
<b>As at January 1, 2024</b>	480,453	48	329	7,036,290	(6)
Exercise of share options	996	—	1	17,083	—
Transaction with non-controlling interests	9,600	—	6	164,085	—
Repurchase of shares	—	—	—	—	(48,555)
<b>As at December 31, 2024</b>	<b>491,049</b>	<b>48</b>	<b>336</b>	<b>7,217,458</b>	<b>(48,561)</b>

- (a) On June 17, 2019, the Company allotted and issued an aggregate of 8,437,540 shares to Heart Assets Limited, which hold shares on trust for and on behalf of the Company. As at December 31, 2023 and 2024, the shares are presented as treasury shares of the Group and will be used for future share-based compensation to employee.

During the year ended December 31, 2024, the Trustee bought back a total of 2,785,400 ordinary shares that listed on the Stock Exchange with a total amount of RMB48.6 million, and such shares are accounted and recorded as “treasury shares” in accordance with IFRS. For the avoidance of doubt, such shares bought back are held by the Trustee for the benefit of grantees under the 2024 RSU Scheme and are therefore not treasury shares within the meaning of Rule 1.01 of the Listing Rules.

## 12 Trade payables

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade payables	<b><u>186,340</u></b>	<b><u>194,906</u></b>

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

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

	<b>As at December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Within 3 months	<b>170,902</b>	194,846
Over 3 months	<b><u>15,438</u></b>	<u>60</u>
	<b><u>186,340</u></b>	<b><u>194,906</u></b>

## 13 Convertible bonds

### *Issue of convertible bonds*

On April 12, 2021, the Company issued convertible bonds (the “**2021 Convertible Bonds**”) at a par value of USD200,000 each with the aggregate principal amounts of USD280 million. The 2021 Convertible Bonds bear an interest of 1.25% per annum payable semi-annually and will mature on April 12, 2026.

Bondholders have the right, at such holder’s option, to require the Company to redeem all or some only of such holder’s bonds on April 12, 2024 at their principal amount, together with accrued and unpaid interest thereon (the “**Early Redemption Option**”).

Bondholders may convert their bonds into ordinary shares at any time on or after May 23, 2021 up to the close of business on the seventh day prior to April 12, 2026. Conversion shares will be issued upon full conversion of the 2021 Convertible Bonds based on the conversion price of HKD63.45 with a fixed exchange rate of 7.7746 HKD/USD.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each bond at its principal amount, together with accrued and unpaid interest thereon, on the April 12, 2026 or in certain circumstances specified in the agreements.

The 2021 Convertible Bonds is a compound instrument included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the 2021 Convertible Bonds. Such embedded derivatives are deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

Subsequent to the initial recognition, the liability component of the 2021 Convertible Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the 2021 Convertible Bonds was 2.4% per annum as at December 31, 2023 and 2024. The equity component will remain in convertible bond equity reserve until the embedded conversion option is exercised or the 2021 Convertible Bonds mature.

### ***Early Redemption Option***

Management constantly monitors and assesses the likelihood whether the Early Redemption Option will be exercised. During the year ended December 31, 2023, Management estimated that it was more likely than not that bond holders would exercise the Early Redemption Option given the then market environment. Thus, the Company recalculated the amortised cost of the liability component as the present value of the revised estimated contractual cash flows, discounted at the original effective interest rate of 2.4% per annum. The difference between the recalculated amount and the carrying amount of 55 million was recognised as “finance costs” in the statement of comprehensive income. As of December 31, 2023, RMB1,553 million of the 2021 Convertible Bonds were reclassified as current liabilities.

On March 13, 2024, the Company received notice of redemption from the holders to redeem all outstanding 2021 Convertible Bonds with an aggregate principal amount of USD159,600,000 (equivalent to RMB1,137.3 million). As of December 31, 2024, all of the outstanding convertible bonds have been redeemed and cancelled, and there are no outstanding convertible bonds in issue.

### ***Repurchase***

In January 2024, the Company repurchased convertible bonds with principal amounts of USD60.0 million. The repurchase price and transaction costs were allocated between the liability component and the equity component on the same basis that was used in the original allocation process. The allocated liability component amount was RMB422.0 million and the carrying amount of the liability component upon the repurchase was RMB427.0 million. The difference of RMB5.0 million between the carrying amount and the allocated repurchase price and transaction costs was recognised as “other losses, net” in the statement of comprehensive income (Note 6). The allocated equity component amount was RMB0.7 million and the carrying amount of the equity component upon the repurchase was RMB20.9 million. The difference of RMB20.2 million between the carrying amount and the allocated repurchase price and transaction costs was recognised in retained earnings accordingly.

## **14 Dividends distribution**

No dividends have been paid or declared by the Company during the years ended December 31, 2023 and 2024.

On March 28, 2025, the Board recommends the payment of a final dividend of HK\$0.4 per ordinary share for the year ended December 31, 2024 to the Shareholders, which shall be subject to approval by Shareholders at the forthcoming annual general meeting. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

## **OTHER INFORMATION**

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

During the Reporting Period, save for the Shares purchased by the Trustee for the purpose of the 2024 RSU Scheme as further described in the sub-section headed “The 2024 RSU Scheme”, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities (including sale or transfer of treasury shares as defined under the Listing Rules) of the Company during the year ended December 31, 2024.

As at December 31, 2024, the Company did not hold any treasury shares for the purpose of the Listing Rules.

During the Reporting Period, the Company redeemed all the outstanding Convertible Bonds with an aggregate principal amount of US\$219,600,000. All the Convertible Bonds were redeemed and cancelled, and there were no outstanding Convertible Bonds in issue as at December 31, 2024. For details, please refer to the announcement of the Company dated July 8, 2024.

### **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK\$0.4 per ordinary share for the year ended December 31, 2024 to Shareholders (the “**Proposed Final Dividend**”) (for the year ended December 31, 2023: Nil) which shall be subject to approval by Shareholders at the forthcoming annual general meeting.

The record date for Shareholders entitled to received the Proposed Final Dividend, the book closure period for share transfer registration procedures, and other information related to the dividend distribution will be further announced by the Company in due course.

### **ANNUAL GENERAL MEETING**

The Company will notify the Shareholders on a later date about the date of the forthcoming annual general meeting of the Company and the corresponding arrangement for closure of register of members.



## USE OF PROCEEDS

### Placing of shares in April 2021

The net proceeds received from the placing of shares was approximately HK\$1,113.0 million. The amount of net proceeds brought forward in the beginning of the Reporting Period was approximately HK\$116.9 million. The table below sets out the details of actual usage of the net proceeds as of December 31, 2024:

Use of proceeds	Amount of net proceeds received from placing of shares (HK\$ million)	Amount of net proceeds brought forward as of January 1, 2024 (HK\$ million)	Actual usage for the year ended December 31, 2024 (HK\$ million)	Unutilized net proceeds as of December 31, 2024 (HK\$ million)	Expected timeline of full utilization
• further enhancing the Company's R&D capability and game portfolios	556.5	—	—	—	N/A
• potential acquisition and strategic investments	222.6	116.9	49.9	67.0	By December 31, 2025
• general corporate purposes	333.9	—	—	—	N/A
	<u>1,113.0</u>	<u>116.9</u>	<u>49.9</u>	<u>67.0</u>	

## EMPLOYEE, REMUNERATION AND PENSION SCHEME

We had 1,400 employees as of December 31, 2024 (December 31, 2023: 1,452 employees), substantially of which were based in Shanghai. Employee benefits expenses (including the Directors' remunerations) were approximately RMB1,195.9 million for the year ended December 31, 2024, which was an increase of approximately 1.5% as compared to approximately RMB1,178.5 million for the year ended December 31, 2023. The increase was mainly due to the rise in annual bonuses, as the business performance improved during the year ended December 31, 2024.

We offer our employees competitive compensation packages and a collaborative working environment and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable, core management team. We compensate our employees with basic salaries, subsidies, and performance-based and annual bonuses, and pay, on behalf of our employees, monthly social insurance premiums covering basic pension insurance, basic medical insurance, unemployment insurance, employment injury insurance maternity insurance and housing reserve fund. We also adopted a share option plan on June 25, 2021 for the purpose of providing incentives and rewards to the participants for their contributions to the Group.

We design and implement in-house training programs tailored to each job function and a set of responsibilities to enhance performance. Specific training is provided during orientation for new employees to familiarize them with our working environment and operational procedures. We also provide professional on-the-job training to our existing employees on various topics such as channel management, marketing and promotion strategies, product operations and operational support. We believe our training offers employees sustainable, organized and target-oriented quality training, and which can enhance the productivity of our employees.

## **SHARE OPTION PLAN**

To provide incentives and rewards to the directors and employees of the Group for their contributions to, and continuing efforts to promote the interest of, the Company, on April 30, 2021, the Board resolved to propose the adoption of the share option plan of the Company for the approval by the Shareholders (the “**Share Option Plan**”). On June 25, 2021 (“**Adoption Date**”), the Share Option Plan was considered and approved by the Shareholders at the annual general meeting of the Company which will be valid and effective for a period of 10 years commencing on the Adoption Date. As at December 31, 2024, a total of 21,817,021 share options (the “**Options**”) were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 1,467,404 Options granted to Mr. Huang Yimeng, an executive Director, and 980,304 Options granted to Mr. Dai Yunjie, an executive Director. For further details of the Share Option Plan and grant of Options, please refer to the announcements of the Company dated April 30, 2021, June 25, 2021, July 12, 2021, October 11, 2021, January 10, 2022, April 11, 2022, July 5, 2022, October 10, 2022, October 14, 2022, January 11, 2023, April 12, 2023, July 6, 2023, October 16, 2023, January 12, 2024, April 15, 2024, July 8, 2024, October 17, 2024 and the circular of the Company dated May 21, 2021, respectively.

## **THE 2024 RSU SCHEME**

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

During the Reporting Period, the Trustee has purchased in total 2,785,400 shares on the Stock Exchange at the total consideration of HK\$52.4 million pursuant to the terms of the trust deed entered into by the Company and the Trustee in connection with the 2024 RSU Scheme. Subsequent to the Reporting Period, the Trustee has purchased 743,000 shares on the Stock Exchange at the total consideration of HK\$17.6 million pursuant to the terms of the trust deed entered into by the Company and the Trustee in connection with the 2024 RSU Scheme.

## **EVENTS AFTER THE REPORTING PERIOD**

On January 13, 2025, a total of 258,716 Options were granted by the Company under the Share Option Plan to certain eligible participants to subscribe for ordinary shares of US\$0.0001 each of the Company, including 122,500 Options granted to Mr. Huang Yimeng, an executive Director. For details, please refer to the announcement of the Company dated January 13, 2025.

Subsequent to the Reporting Period, 50,400 Options were exercised by certain eligible participants to subscribe for 50,400 ordinary shares of the Company.

Save as disclosed above, there are no material subsequent events undertaken by the Group after December 31, 2024 and up to the date of this announcement.

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

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

The Company has complied with all applicable code provisions of the CG Code during the year ended December 31, 2024 except for a deviation from code provision C.2.1 of part 2 of the CG Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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

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

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company that they have complied with the Model Code during the year ended December 31, 2024.

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

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

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2024 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

## **AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Auditor to the amounts set out in the Group’s audited consolidated financial statements for the year ended December 31, 2024. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

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

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([2400.hk](http://2400.hk)). The annual report will be available on the website of the Stock Exchange and that of the Company in due course.

## **DEFINITIONS**

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

“2024 RSU Scheme”	the restricted share unit scheme adopted by the Company on May 7, 2024;
“Acquisition”	the acquisition of the Target Shares by the Purchaser from the Vendors in accordance with the terms of the Sale and Purchase Agreement;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Audit Committee”	the audit committee of the Company;
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company;
“Board”	the board of Directors of the Company;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;

“Company”	XD Inc. (心动有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange under stock code 2400 on December 12, 2019;
“Completion”	completion of the Acquisition, which was on September 6, 2024;
“Consideration Share(s)”	the new Shares to be issued and allotted by the Company at HK\$14.20 per Consideration Share to EDragon and LY Development respectively as part of the consideration to purchase the relevant Target Shares held by EDragon or LY Development;
“Convertible Bonds”	the issuance of the US\$280,000,000 1.25% convertible bonds by the Company due 2026;
“Director(s)”	director(s) of the Company;
“EDragon”	EDragon Technology Limited, a company incorporated with limited liability in the British Virgin Islands;
“EDragon Initial Consideration”	the amount of US\$16,693,190, being the consideration for the Target Shares held by EDragon initially payable to EDragon;
“Group”	the Company, its subsidiaries and its PRC consolidated affiliated entities from time to time;
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IFRS”	International Financial Reporting Standards, which include standards and interpretations as issued from time to time by the International Accounting Standards Board;
“Initial Consideration”	the sum of the EDragon Initial Consideration and LY Development Initial Consideration;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“LY Development”	LY Development Limited, a company incorporated with limited liability in the British Virgin Islands;
“LY Development Initial Consideration”	the amount of US\$4,946,130, being the consideration for the Target Shares held by LY Development initially payable to LY Development;
“MAU(s)”	monthly active user(s), which refers to the number of users who log into a particular game or all of our games, as applicable, in the relevant calendar month for games, and refers to the number of users who access the TapTap mobile app in the relevant calendar month for TapTap, both of which include multiple accounts held by one single user. Average MAUs for a particular period are calculated by dividing the aggregate of the MAUs during that period by the number of months of that period;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“MPUs”	monthly paying users, which refers to the number of paying users in the relevant calendar month in our games;
“PRC” or “China”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan, China;
“Purchaser”	XDG Holding Limited, a company incorporated with limited liability in the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
“Reporting Period”	the financial period for the year ended December 31, 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU(s)”	restricted share unit(s);
“Sale and Purchase Agreement”	the sale and purchase agreement dated April 9, 2024 and entered into among the Company, the Purchaser and the Vendors in relation to the Acquisition;
“Share Option Plan”	the share option plan of our Company adopted on June 25, 2021;



“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Company”	X.D. Global (HK) Limited, a company incorporated with limited liability in Hong Kong and an indirect subsidiary of the Company held by the Purchaser, EDragon and LY Development as to 65%, 27% and 8% respectively as at May 30, 2024;
“Target Shares”	(i) in respect of EDragon, 2,700 ordinary shares of the Target Company (representing 27% shareholding in the Target Company); and (ii) in respect of LY Development, 800 ordinary shares of the Target Company (representing 8% shareholding in the Target Company), which in aggregate represent 35% shareholding in the Target Company, free from any Encumbrance, to be sold by EDragon and LY Development respectively to the Purchaser pursuant to the Sale and Purchase Agreement;
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America;
“Vendors”	EDragon and LY Development; and
“%”	percentage.

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

Shanghai, China, March 28, 2025

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