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XD Inc.

心动有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2400)

US\$280,000,000 1.25% Convertible Bonds due 2026

(Stock Code: 40646)

POSITIVE PROFIT ALERT

This announcement is made by XD Inc. (the “**Company**”, together with its subsidiaries and the PRC consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023, the Group is expected to record:

- (i) a revenue ranging from approximately RMB1,720 million to RMB1,780 million, representing an increase of approximately 7.9% to 11.7% as compared to the corresponding period of the last year. The expected increase in revenue is mainly attributable to the increase in information services revenue from TapTap PRC as well as games revenue; and
- (ii) a net profit ranging from approximately RMB70 million to RMB130 million, while the Group recorded a net loss of approximately RMB381 million for the corresponding period of the last year. The expected increase in net profit is mainly attributable to: (i) an increase in gross profit due to improvements in total revenue and gross margin; and (ii) decreases in research and development expenses and marketing expenses due to staff optimization and cost reduction measures.

For the six months ended June 30, 2023, the average app monthly active users (the “MAUs”) of TapTap PRC was 34.0 million, representing a decrease of approximately 18.6% as compared to the corresponding period of the last year. This decrease is mainly attributed to: (i) the lifting of pandemic related public restrictions in the PRC; and (ii) decrease in marketing expenses due to cost control. After a few strategy tweaks implemented by the Group in June and July 2023, TapTap PRC’s app MAUs regained momentum and reached 39.3 million in July 2023.

As of the date of this announcement, the Company is still in the process of finalizing the consolidated interim results of the Group for the six months ended June 30, 2023. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available to the Board and the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023, which has not been audited or reviewed by the Company’s independent auditors and/or the audit committee of the Company, and may be subject to adjustments. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended June 30, 2023, which is expected to be published by the end of August 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Shanghai, China, August 4, 2023

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