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**Inkeverse Group Limited**

**映宇宙集团有限公司**

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

**(Stock Code: 3700)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>		<b>Year-on-Year Change %</b>
	<b>31 December</b>		
	<b>2022</b>	<b>2021</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	6,319,321	9,175,595	(31.1)
Cost of sales	(3,772,829)	(5,870,496)	(35.7)
Gross profit	2,546,492	3,305,099	(23.0)
Operating (loss)/profit	(46,987)	457,010	(110.3)
(Loss)/Profit for the year	(168,459)	433,009	(138.9)
Non-IFRS Adjusted Net Profit*	387,679	482,456	(19.6)

\* Adjusted Net Profit was calculated using (loss)/profit for the year eliminates the effects of non-cash share-based compensation expenses and impairment charge of goodwill.

## OPERATING HIGHLIGHTS

The following table sets forth the key operating data for the Group's major products:

	For the year ended		Year-on-Year
	31 December	2021	Change*
	2022		%
Average monthly active users ("MAUs")** (in thousands)	26,712	42,802	(37.6)
Average monthly revenue per user ("ARPU")** (in RMB)	19.7	17.9	10.1

\* Year-on-year change represents a comparison between the current reporting year and last year.

\*\* Average MAUs and ARPU are based on the major products of the Group.

The shares of Inkeverse Group Limited ("**Inkeverse**" or the "**Company**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 12 July 2018 (the "**Listing Date**").

The board (the "**Board**") of directors (the "**Director(s)**") of the Company is pleased to announce the audited consolidated annual results (the "**Annual Results**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 (the "**Reporting Period**"). The Annual Results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

## **BUSINESS OVERVIEW AND OUTLOOK**

In 2022, the Group maintained deep cultivation in the field of “interactive entertainment” by actively exploring new application scenarios, streamlining operations, enhancing product functionality and improving user experience. In the face of intensifying industry competition and the introduction of different regulatory measures, the Group adjusted its product features and operational strategies, which further enhanced the long-term viability and profitability of its products and consolidated its sustainable development strategy.

In 2023, with the gradual recovery of the macroeconomy, the accelerated release of user demand, and positive results in overseas market exploration, the Group will fully seize these development opportunities to create a new growth trajectory.

## **BUSINESS REVIEW**

### **I. Consolidate business foundation and focus on efficiency improvement**

The Group sustained its efforts in optimizing the ecosystem of the “Inke APP” live streaming platform with the adoption of a more sophisticated approach to streamers incubation and users growth mechanism. With the enhancement in user experience and an increase in the social interactive of the platform, the profitability of the Group’s live streaming business steadily increased. In addition, the Group also announced its digital spokesman, “Yingying” and ventured into new business formats, such as virtual live streaming, while introducing innovations to its features and content.

The Group developed a full-scenario social product matrix that caters to the diverse social needs of users across different regions, age groups and interests, including love, friendship and sharing. In response to intense industry competition and a challenging macro environment, the Group remained proactive in addressing challenges. By improving user retention through introducing quality content and innovative features as well as optimizing traffic distribution algorithms, the Group steadily increased its user retention rates and the profitability of its social networking business. Regarding the offline dating business, the management systems and operation methods of the Group have become increasingly sophisticated. The Group opened its offline dating stores in both Beijing and Shanghai successively. As the macroeconomy recovers, the Group will accelerate its expansion and promotion of offline dating business in other cities, enabling us to provide quality services for more single men and women.

## **II. Unleash the power of innovation to create growth opportunities**

Leveraging its keen insight in the interactive entertainment industry, the Group quickly expanded into overseas market by accurately capturing user needs and implementing localized operational strategies. Through offering innovative social features and quality contents to meet the needs of overseas users in various segments, the Group has earned recognition from users in different countries and regions gradually. Currently, commercial closed-loop of the Group's overseas business in certain regions has also been initially proven successful and showed a high-speed growth trend.

Driven by the gradual maturation of cutting-edge technologies such as Web3.0 and 5G, the entertainment industry is experiencing a surge in emerging demands. Leveraging its sensitive industry insights, the Group has introduced various innovative products in different forms with novel audio and video interactive features to cater to different segmented groups and markets, thereby opening up more diversified development opportunities for the Group.

## **BUSINESS OUTLOOK**

### **I. Focus on overseas markets and create new growth trajectory**

The Group will focus on strengthening the expansion in overseas markets. Leveraging its robust foothold in the extensive entertainment sector, the Group will replicate its successful domestic experience, including the proven business models and operational logic etc. in additional countries and regions overseas. Moreover, the Group is committed to enhancing its operation capabilities catering to localized cultures, traditions and habits, deeply practicing localization and accelerating the expansion into overseas markets.

### **II. Keep abreast of cutting-edge technologies to capture new development opportunities**

The Group will keep abreast of the iteration and development of emerging technologies such as intelligent technology, AI and communication. New technological breakthroughs will undoubtedly bring new opportunities and challenges to the entire market. We will seize the opportunity and swiftly launch new products with competitive edges, with the aim of creating new development opportunities driven by technologies.

### **III. Expand business coverage through upstream and downstream business deployment**

The Group will continuously keep track of the development trend of the Internet industry to maintain its market insights. It will also pay attention to opportunities in the upstream and downstream sectors that have high potential and further improve and expand the business ecosystems. The Group will explore opportunities and forge ahead in the new round of Internet revolution.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the Group's consolidated statement of comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the year indicated, together with the change (expressed in percentages) from the year ended 31 December 2021 to the year ended 31 December 2022:

	For the year ended 31 December				Change %
	2022 RMB'000	%	2021 RMB'000	%	
Revenue	6,319,321	100.0	9,175,595	100.0	(31.1)
Cost of sales	(3,772,829)	(59.7)	(5,870,496)	(64.0)	(35.7)
<b>Gross profit</b>	<b>2,546,492</b>	<b>40.3</b>	3,305,099	36.0	(23.0)
Selling and marketing expenses	(1,381,268)	(21.9)	(2,214,404)	(24.1)	(37.6)
Administrative expenses	(774,256)	(12.3)	(241,171)	(2.6)	221.0
Research and development expenses	(388,666)	(6.2)	(415,952)	(4.5)	(6.6)
Net impairment losses on financial assets	(50,248)	(0.8)	(8,379)	(0.1)	499.7
Other income	47,642	0.8	76,758	0.8	(37.9)
Other losses — net	(46,683)	(0.7)	(44,941)	(0.5)	3.9
<b>Operating (loss)/profit</b>	<b>(46,987)</b>	<b>(0.7)</b>	457,010	5.0	(110.3)
Finance income	18,970	0.3	26,619	0.3	(28.7)
Finance costs	(11,630)	(0.2)	(9,878)	(0.1)	17.7
<b>Finance income — net</b>	<b>7,340</b>	<b>0.1</b>	16,741	0.2	(56.2)
Share of loss of associates and joint ventures accounted for using the equity method	(51,204)	(0.8)	(429)	(0.0)	11,835.7
<b>(Loss)/profit before income tax</b>	<b>(90,851)</b>	<b>(1.4)</b>	473,322	5.2	(119.2)
Income tax expense	(77,608)	(1.2)	(40,313)	(0.4)	92.5
<b>(Loss)/profit for the year</b>	<b>(168,459)</b>	<b>(2.7)</b>	433,009	4.7	(138.9)

	For the year ended 31 December				Change %
	2022 RMB'000	%	2021 RMB'000	%	
<b>Other comprehensive income/(loss)</b>					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences	5,697	0.1	11,181	0.1	(49.0)
Items that will not be subsequently reclassified to profit or loss:					
Currency translation differences	72,051	1.1	(20,368)	(0.2)	(453.7)
Other comprehensive income/(loss) for the year, net of tax	77,748	1.2	(9,187)	(0.1)	(946.3)
<b>Total comprehensive (loss)/income</b>	<b>(90,711)</b>	<b>(1.4)</b>	<b>423,822</b>	<b>4.6</b>	<b>(121.4)</b>
<b>(Loss)/profit attributable to:</b>					
Owners of the Company	(166,101)	(2.6)	415,381	4.5	(140.0)
Non-controlling interests	(2,358)	0.0	17,628	0.2	(113.4)
<b>(Loss)/profit for the year</b>	<b>(168,459)</b>	<b>(2.7)</b>	<b>433,009</b>	<b>4.7</b>	<b>(138.9)</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company	(88,353)	(1.4)	406,194	4.4	(121.8)
Non-controlling interests	(2,358)	0.0	17,628	0.2	(113.4)
<b>Total comprehensive (loss)/income</b>	<b>(90,711)</b>	<b>(1.4)</b>	<b>423,822</b>	<b>4.6</b>	<b>(121.4)</b>
<b>(Loss)/earnings per share attributable to the shareholders of the Company: (expressed in RMB per share)</b>					
Basic (loss)/earnings per share	(0.09)		0.22		
Diluted (loss)/earnings per share	(0.09)		0.22		

## ***Revenue***

The Group's revenue in 2022 amounted to approximately RMB6,319.3 million, representing a decrease of 31.1% from approximately RMB9,175.6 million in 2021, primarily because industry competition has been intensified and the Group has adopted a more cautious operating strategy for its products in response to market changes.

## ***Cost of Sales***

The Group's cost of sales decreased by 35.7% to approximately RMB3,772.8 million in 2022 from approximately RMB5,870.5 million in 2021, mainly attributable to the decrease in the revenue.

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

As a result of the foregoing, the Group's gross profit decreased by 23.0% from approximately RMB3,305.1 million in 2021 to approximately RMB2,546.5 million in 2022 and the Group's gross profit margin increased from 36.0% in 2021 to 40.3% in 2022, primarily because of the Group's refined operational strategy and optimization of the products matrix.

## ***Selling and Marketing Expenses***

The Group's selling and marketing expenses decreased by 37.6% from approximately RMB2,214.4 million in 2021 to approximately RMB1,381.3 million in 2022. The Group's selling and marketing expenses as a percentage of the Group's revenue decreased from 24.1% in 2021 to 21.9% in 2022. With the adjustment of the Group's operation strategy, the promotion cost has decreased in this year.

## ***Administrative Expenses***

The Group's administrative expenses increased by 221.0% from approximately RMB241.2 million in 2021 to approximately RMB774.3 million in 2022, primarily as a result of the impairment charge of goodwill approximately of RMB512.8 million in relation to Social Network Technology Co., Ltd.

### ***Research and Development Expenses***

The Group's research and development expenses decreased by 6.6% from approximately RMB416.0 million in 2021 to approximately RMB388.7 million in 2022. The decrease was primarily because of reduction in employee costs. The Group will continue to increase investment in research and development to enhance the comprehensive research and development strength.

### ***Net Impairment Losses on Financial Assets***

Impairment losses on financial assets of the Group increased from RMB8.4 million in 2021 to RMB50.2 million in 2022, mainly due to the expected credit losses on other receivables and trade receivables.

### ***Other Income***

The Group's other income decreased by 37.9% from approximately RMB76.8 million in 2021 to approximately RMB47.6 million in 2022, primarily because tax incentives were reduced.

### ***Other Losses — Net***

The Group's other losses — net increased from a net loss of approximately RMB44.9 million in 2021 to a net loss of approximately RMB46.7 million in 2022, primarily as a result of the increase in fair value losses on financial assets at fair value through profit or loss.

### ***Operating (Loss)/Profit***

As a result of the foregoing, the Group's operating (loss)/profit decreased by 110.3% from an operating profit of approximately RMB457.0 million in 2021 to an operating loss of approximately RMB47.0 million in 2022.

### ***Finance Income — Net***

The Group's finance income — net decreased by 56.2% from approximately RMB16.7 million in 2021 to approximately RMB7.3 million in 2022, primarily due to the decrease in the term-deposits and cash balance at banks during the year as a result of the Group's adjustment of capital allocation.

### *Share of Loss of Associates and Joint Ventures Accounted for Using the Equity Method*

The Group's share of loss of associates and joint ventures accounted for using the equity method was approximately RMB51.2 million in 2022 and the share of loss was approximately RMB0.4 million in 2021. The loss mainly came from the investment loss of the joint ventures of the Group.

### *Income Tax Expense*

The Group's income tax expenses increased by 92.5% from approximately RMB40.3 million in 2021 to approximately RMB77.6 million in 2022, primarily due to an increase in net profits of some taxable entities.

### *(Loss)/Profit for the Year*

As a result of the foregoing, the Group recorded a loss for the year of approximately RMB168.5 million in 2022, representing a decrease of 138.9% from a profit for the year of approximately RMB433.0 million in 2021.

### *Non-IFRS Measure- Adjusted net profit*

To supplement the Group's consolidated annual financial statements which are presented in accordance with the International Financial Reporting Standards ("IFRS"), the Group also uses adjusted net profit ("Adjusted Net Profit") as an additional financial measure. The Group's Adjusted Net Profit eliminates the effect of non-cash share-based compensation expenses and impairment charge of goodwill. The table below sets forth the reconciliation of Adjusted Net Profit for the years indicated:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss)/profit for the year	<b>(168,459)</b>	433,009
Add: non-cash share-based compensation expenses <sup>(1)</sup>	<b>43,380</b>	33,531
Add: impairment charge of goodwill	<b>512,758</b>	15,916
<b>Adjusted Net Profit<sup>(2)</sup></b>	<b><u>387,679</u></b>	<b><u>482,456</u></b>

Notes:

<sup>(1)</sup> Refers to share-based compensation benefits provided to certain employees via the employee share scheme.

- (2) To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use Adjusted Net Profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our operating performance. We also believe that this non-IFRS measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. Adjusted Net Profit is calculated using (loss)/profit for the year, and add back non-cash share-based compensation expenses and impairment charge of goodwill. The term of Adjusted Net Profit is not defined under IFRS. The use of Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our net (loss)/profit for the year.

## **Liquidity and Capital Resources**

For the year ended 31 December 2022, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through sustainable growth. As at 31 December 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 4.6 and the gearing ratio (total debt to total equity ratio) was 0.2, which shows the Group's optimized overall asset structure as compared to 3.1 and 0.3 as at 31 December 2021.

### ***Cash and Cash Equivalents and Restricted Cash***

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB1,634.7 million (31 December 2021: approximately RMB1,993.3 million), which primarily consisted of cash at banks. Approximately RMB1,321.3 million is denominated in Renminbi and approximately RMB313.4 million is denominated in other currencies (primarily US dollars). The Group independently adjusts its foreign currency holdings to ensure the smooth development of overseas business.

As at 31 December 2022, of the restricted cash balance approximately RMB59.8 million was cash frozen by local authorities in connection with relevant investigations. The Company expects that the above funds would likely be released upon the completion of the investigation of relevant cases.

## *Financial Assets at Fair Value through Profit or Loss*

As of 31 December 2022, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,477.8 million (31 December 2021: approximately RMB972.8 million), mainly comprised (a) investments in wealth management products of approximately RMB1,322.5 million (31 December 2021: approximately RMB891.3 million); and (b) investments in financial instruments with preferred rights of approximately RMB155.4 million (31 December 2021: approximately RMB81.5 million).

	<b>Balance as at 31 December 2022 RMB'000</b>	Balance as at 31 December 2021 RMB'000
<b>Financial Assets</b>		
<b>Current</b>		
Investments in wealth management products <sup>(1)</sup>		
— Equity	<b>103,515</b>	155,431
— Funds	<b>1,148,284</b>	615,586
— Others	<b>—</b>	60,107
	<hr/>	<hr/>
<b>Subtotal</b>	<b>1,251,799</b>	831,124
	<hr/>	<hr/>
<b>Non-current</b>		
Investments in equity interests with preferred rights of certain private companies	<b>155,367</b>	81,507
Investments in wealth management products <sup>(1)</sup>		
— Funds	<b>—</b>	30,074
— Others	<b>70,682</b>	30,137
	<hr/>	<hr/>
<b>Subtotal</b>	<b>226,049</b>	141,718
	<hr/>	<hr/>
<b>Total</b>	<b>1,477,848</b>	972,842
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

- (1) As at 31 December 2022, no single wealth management product of the Group accounted for more than 5% of total assets of the Group.

Subscriptions of wealth management products were made for treasury management purposes to maximise the return on the unutilised funds of the Company after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company had in the past selected short-term financial products issued by reputable commercial banks and financial institutions that had relatively low associated risk. The Company had also ensured that it would remain sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. These financial products were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group. In addition, these financial products were with flexible redemption terms or a relatively short term of maturity. In accordance with the relevant accounting standards, these financial products were accounted for as financial assets at fair value through profit or loss.

In view of the benefit of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the low risk nature and the flexible redemption terms or a relatively short term of maturity of the wealth management products, the Directors are of the view that these financial products pose little risk to the Group and the terms and conditions of each of the subscriptions are fair and reasonable and are in the interests of the Company and its shareholders as a whole. The Company believes that the above investment strategies and directions would continue to generate stable income to the Group.

### ***Capital Expenditures***

In 2022, the Group's capital expenditures amounted to approximately RMB31.9 million (2021: approximately RMB227.7 million), which were mainly used for the acquisition of property, equipment, leasehold improvements, investment properties and intangible assets. The Group funded its capital expenditures by using the cash flow generated from its operations.

### ***Contingent Liabilities and Guarantees***

In connection with investigations initiated by local authorities on certain users' behaviours of online platforms operated by the Group, certain bank balances of the Group were restricted totalling RMB59.8 million, as at 31 December 2022.

The management of the Company taking into consideration of all available information and opinions received from its legal counsel, is of the view that the Group's business operations are in compliance with applicable rules and regulations in China. As of the report date, the Group has not received any subpoena to represent as a defendant in a lawsuit related to the aforesaid investigations. Therefore, the Group considered opinions received from its legal counsel and determined it is more likely that no present obligation exists as a result of such investigation. As at the report date, as the investigations are still ongoing with related details not being accessible by the Company, it is not practicable to assess or estimate the possible financial impact, therefore the Group has not made any provision in this matter.

### ***Pledge of Assets***

As at 31 December 2022, the Group did not pledge any assets.

### ***Foreign exchange risk management***

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is USD and the functional currency of subsidiaries operated in the PRC is Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

### ***Employees and remuneration policies***

As at 31 December 2022, the Group had a total of 1,531 full time employees, mainly located in mainland China. In particular, 515 full time employees are responsible for technology, research and development.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share-based payment and other employee benefits, and is determined with reference to their experience, qualification and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group believes that we maintain a good working relationship with our employees, and we did not experience any material labour disputes during the year ended 31 December 2022.

In order to expand the Company's talent team, strengthen the capability of talents in different levels and provide intellectual support to sustainable development of the Company, the Company has developed an efficient and systematic talent training and development plan. The Group believes that a systematic training program will help our employees acquire

the necessary professional skills and effectively improve their professional ethics. Major training programs revolve around the targeted training of the recruited graduates, new employees, junior management, mid-level management and senior management.

## **Contractual Arrangements**

Please refer to the section headed “Contractual Arrangements” in the prospectus of the Company dated 28 June 2018 (the “**Prospectus**”). For the year ended 31 December 2022, the Board has reviewed the overall performance of the contractual arrangements and confirmed that the Group has complied with the contractual arrangements in all material respects.

On 15 March 2019, the National People’s Congress approved the Foreign Investment Law, which has come into effect on 1 January 2020 and replaced the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law has unified the corporate legal requirements for both foreign and domestic investments and by way of having a negative list (the “**Negative List**”).

The Negative List, which has been issued by the State Council and updated on 1 January 2022, refers to special administrative measures for access to foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field prohibited from foreign investment under the Negative List. A foreign investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List.

A foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating value-added telecommunications businesses in the PRC must demonstrate a good track record and experience in operating value-added telecommunications businesses (the “**Qualification Requirement**”). Moreover, foreign investors that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the PRC and the Ministry of Commerce of the PRC, or their authorised local counterparts, which retain considerable discretion in granting approvals, for the commencement of that investor’s value-added telecommunications businesses in the PRC.

Please refer to the section headed “Contractual Arrangements” in the Prospectus for the Group’s efforts and actions undertaken to comply with the Qualification Requirement.

Further details of the contractual arrangements, please refer to the annual report of the Company for the year ended 31 December 2022 to be published in due course.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	Year ended 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	<b>6,319,321</b>	9,175,595
Cost of sales	4	<b>(3,772,829)</b>	(5,870,496)
<b>Gross profit</b>		<b>2,546,492</b>	3,305,099
Selling and marketing expenses	4	<b>(1,381,268)</b>	(2,214,404)
Administrative expenses	4	<b>(774,256)</b>	(241,171)
Research and development expenses	4	<b>(388,666)</b>	(415,952)
Net impairment losses on financial assets	4	<b>(50,248)</b>	(8,379)
Other income		<b>47,642</b>	76,758
Other losses — net		<b>(46,683)</b>	(44,941)
<b>Operating (loss)/profit</b>		<b>(46,987)</b>	457,010
Finance income		<b>18,970</b>	26,619
Finance costs		<b>(11,630)</b>	(9,878)
<b>Finance income — net</b>		<b>7,340</b>	16,741
Share of loss of associates and joint ventures accounted for using the equity method		<b>(51,204)</b>	(429)
<b>(Loss)/profit before income tax</b>		<b>(90,851)</b>	473,322
Income tax expense	5	<b>(77,608)</b>	(40,313)
<b>(Loss)/profit for the year</b>		<b><u>(168,459)</u></b>	<b><u>433,009</u></b>

		<b>Year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
<i>Notes</i>		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be subsequently reclassified to profit or loss:			
	Currency translation differences	<b>5,697</b>	11,181
Items that will not be subsequently reclassified to profit or loss:			
	Currency translation differences	<b>72,051</b>	(20,368)
Other comprehensive income/(loss) for the year, net of tax		<b>77,748</b>	(9,187)
<b>Total comprehensive (loss)/income</b>		<b>(90,711)</b>	423,822
<b>(Loss)/profit attributable to:</b>			
	Owners of the Company	<b>(166,101)</b>	415,381
	Non-controlling interests	<b>(2,358)</b>	17,628
<b>(Loss)/profit for the year</b>		<b>(168,459)</b>	433,009
<b>Total comprehensive (loss)/income attributable to:</b>			
	Owners of the Company	<b>(88,353)</b>	406,194
	Non-controlling interests	<b>(2,358)</b>	17,628
<b>Total comprehensive (loss)/income</b>		<b>(90,711)</b>	423,822
<b>(Loss)/earnings per share attributable to the shareholders of the Company: (expressed in RMB per share)</b>			
	Basic (loss)/earnings per share	<b>(0.09)</b>	0.22
	Diluted (loss)/earnings per share	<b>(0.09)</b>	0.22

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	As of 31 December	
	2022	2021
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26,379	26,818
Investment properties	210,609	193,606
Right-of-use assets	48,836	175,157
Intangible assets	62,779	590,402
Deferred tax assets	68,881	71,063
Investments accounted for using the equity method	475,614	500,717
Financial assets at fair value through profit or loss	226,049	141,718
Other receivables, deposits and other assets	28,700	19,623
	<b>1,147,847</b>	1,719,104
<b>Current assets</b>		
Inventories	14,070	12,314
Other receivables, prepayment, deposits and other assets	487,728	548,433
Trade receivables	64,059	63,499
Financial assets at fair value through profit or loss	1,251,799	831,124
Restricted cash	60,403	612
Term deposits	—	70,000
Cash and cash equivalents	1,634,708	1,993,306
	<b>3,512,767</b>	3,519,288
<b>Total current assets</b>	<b>3,512,767</b>	3,519,288
<b>Total assets</b>	<b>4,660,614</b>	5,238,392

		<b>As of 31 December</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital		<b>12,803</b>	13,262
Other reserves		<b>3,996,074</b>	3,905,672
Accumulated (deficits)/profit		<b>(155,225)</b>	10,876
		<u><b>3,853,652</b></u>	<u>3,929,810</u>
<b>Non-controlling interests</b>		<u><b>(1,210)</b></u>	<u>1,338</u>
<b>Total equity</b>		<u><b>3,852,442</b></u>	<u>3,931,148</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>21,121</b>	150,784
Deferred tax liabilities		<b>24,737</b>	21,864
		<u><b>45,858</b></u>	<u>172,648</u>
<b>Current liabilities</b>			
Accounts payables	8	<b>444,680</b>	669,342
Other payables and accruals		<b>145,055</b>	283,190
Contract liabilities		<b>119,912</b>	128,281
Current income tax liabilities		<b>33,758</b>	16,479
Lease liabilities		<b>18,809</b>	32,040
Provisions		<b>100</b>	5,264
		<u><b>762,314</b></u>	<u>1,134,596</u>
<b>Total current liabilities</b>		<u><b>762,314</b></u>	<u>1,134,596</u>
<b>Total liabilities</b>		<u><b>808,172</b></u>	<u>1,307,244</u>
<b>Total equity and liabilities</b>		<u><b>4,660,614</b></u>	<u><b>5,238,392</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE  
YEAR ENDED 31 DECEMBER 2022**

	Attributable to the owner of the Company				Non- controlling interests	Total
	Share capital	Other reserves	Accumulated (deficits)/ profit	Sub-total		
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 31 December 2021</b>	<u>13,262</u>	<u>3,905,672</u>	<u>10,876</u>	<u>3,929,810</u>	<u>1,338</u>	<u>3,931,148</u>
<b>Comprehensive income/(loss)</b>						
Loss for the year	—	—	(166,101)	(166,101)	(2,358)	(168,459)
Currency translation differences	—	77,748	—	77,748	—	77,748
<b>Total comprehensive income/(loss) for the year</b>	<u>—</u>	<u>77,748</u>	<u>(166,101)</u>	<u>(88,353)</u>	<u>(2,358)</u>	<u>(90,711)</u>
<b>Total transactions with owners in their capacity as owners</b>						
Share-based compensation expense 10	—	43,380	—	43,380	—	43,380
Cancellation of shares	(459)	459	—	—	—	—
Shares repurchased	—	(31,185)	—	(31,185)	—	(31,185)
Acquisition of non-controlling interests in subsidiary	—	—	—	—	(190)	(190)
<b>Total transactions with owners in their capacity as owners</b>	<u>(459)</u>	<u>12,654</u>	<u>—</u>	<u>12,195</u>	<u>(190)</u>	<u>12,005</u>
<b>Balance at 31 December 2022</b>	<u><u>12,803</u></u>	<u><u>3,996,074</u></u>	<u><u>(155,225)</u></u>	<u><u>3,853,652</u></u>	<u><u>(1,210)</u></u>	<u><u>3,852,442</u></u>

	Note	Attributable to the owner of the Company			Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
		Share capital RMB'000	Other reserves RMB'000	Accumulated (deficits)/ profit RMB'000			
<b>Balance at 31 December 2020</b>		<u>13,262</u>	<u>3,906,228</u>	<u>(404,505)</u>	<u>3,514,985</u>	<u>28,568</u>	<u>3,543,553</u>
<b>Comprehensive income/(loss)</b>							
Profit for the year		—	—	415,381	415,381	17,628	433,009
Currency translation differences		—	(9,187)	—	(9,187)	—	(9,187)
<b>Total comprehensive income/(loss) for the year</b>		<u>—</u>	<u>(9,187)</u>	<u>415,381</u>	<u>406,194</u>	<u>17,628</u>	<u>423,822</u>
<b>Total transactions with owners in their capacity as owners</b>							
Share-based compensation expense	10	—	33,531	—	33,531	—	33,531
Shares repurchased		—	(24,977)	—	(24,977)	—	(24,977)
Deconsolidation of a subsidiary		—	—	—	—	(30,597)	(30,597)
Dividend paid to non-controlling interests in subsidiaries		—	—	—	—	(15,273)	(15,273)
Non-controlling interests on acquisition of subsidiaries		—	—	—	—	1,497	1,497
Acquisition of non-controlling interests in a subsidiary		—	77	—	77	(485)	(408)
<b>Total transactions with owners in their capacity as owners</b>		<u>—</u>	<u>8,631</u>	<u>—</u>	<u>8,631</u>	<u>(44,858)</u>	<u>(36,227)</u>
<b>Balance at 31 December 2021</b>		<u><u>13,262</u></u>	<u><u>3,905,672</u></u>	<u><u>10,876</u></u>	<u><u>3,929,810</u></u>	<u><u>1,338</u></u>	<u><u>3,931,148</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

In June 2022, Inke Limited changed its corporate name from Inke limited to Inkeverse Group Limited (the “**Company**”).

The Company and its subsidiaries (together referred as to the “**Group**”) are principally engaged in value-added service through operating the matrix online platforms and providing an internet to enable the users to interact through the platforms in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands.

The Company’s shares was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

The financial position and performance of the Group was particularly affected by the following event during the reporting period:

- A review of the operation of Social Network Technology Co., Ltd., (“**Blueberry**”) which led to a goodwill impairment charge.

## 2. Basis of preparation

### (a) *Compliance with IFRS and HKCO*

The consolidated financial statements of the Group has been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRS**”), the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622 and the Rules Governing the Listing Securities on the Stock Exchange.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in annual report of the Group.

**(b) *Historical cost convention***

The consolidated financial statements of the Group have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investment property.

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to HKFRS Standards 2018–2020, and
- COVID-19 Related Rent Concessions beyond 30 June 2021 — Amendment to HKFRS 16 (March 2021) (the “**HKFRS 16 Amendment (March 2021)**”)

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

*(d) New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for reporting periods ended on 31 December 2022 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**3. Revenue**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Value-added service	<b>5,840,925</b>	8,930,217
Others	<b>478,396</b>	245,378
	<b><u>6,319,321</u></b>	<b><u>9,175,595</u></b>
	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue recognised at a point in time	<b>6,209,772</b>	9,031,179
Revenue recognised over time	<b>109,549</b>	144,416
	<b><u>6,319,321</u></b>	<b><u>9,175,595</u></b>

#### 4. Expenses by nature

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue sharing to streamers	<b>3,146,472</b>	5,203,058
Promotion and advertising expenses	<b>1,325,312</b>	2,167,507
Employee benefit expenses	<b>781,045</b>	857,871
Impairment of goodwill and other intangible assets	<b>518,661</b>	15,916
Cost of goods sold	<b>121,012</b>	892
Bandwidth and server custody costs	<b>118,028</b>	133,619
Payment handling costs	<b>69,797</b>	97,139
Travelling, entertainment and general office expenses	<b>53,033</b>	49,437
Technical support and professional service fees	<b>50,979</b>	38,249
Expected credit loss allowance	<b>50,248</b>	8,379
Depreciation of right-of-use assets	<b>34,246</b>	35,903
Amortisation of intangible assets	<b>23,737</b>	26,172
Outsourced development costs	<b>23,130</b>	79,529
Taxes and surcharges	<b>12,393</b>	18,071
Depreciation of property, plant and equipment	<b>11,818</b>	9,760
Auditor's remuneration		
— Audit services	<b>6,000</b>	6,000
— Non-audit services	<b>508</b>	536
Expenses relating to short-term lease and lease payment not included in lease liabilities	<b>4,062</b>	1,971
Other expenses	<b>16,786</b>	393
	<b><u>6,367,267</u></b>	<b><u>8,750,402</u></b>

## 5. Income tax expense

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current tax		
Current tax on profits for the year	<u>73,420</u>	<u>55,752</u>
<b>Total current tax expense</b>	<b><u>73,420</u></b>	<b><u>55,752</u></b>
Deferred income tax		
Decrease/(increase) in deferred tax assets	<u>1,973</u>	<u>(10,516)</u>
Increase/(decrease) in deferred tax liabilities	<u>2,215</u>	<u>(4,923)</u>
<b>Total deferred tax expense/(benefit)</b>	<b><u>4,188</u></b>	<b><u>(15,439)</u></b>
<b>Income tax expense</b>	<b><u>77,608</u></b>	<b><u>40,313</u></b>

## 6. (Loss)/Earnings per share

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing:

- the (loss)/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, excluding shares held for employee share scheme.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to the shareholders of the Company (RMB'000)	(166,101)	415,381
Weighted average number of ordinary shares in issue (thousand shares)	1,850,226	1,866,475
Basic (loss)/earnings per share attributable to the shareholders of the Company (expressed in RMB per share)	(0.09)	0.22

**(b) Diluted (loss)/earnings per share**

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

During the years ended 31 December 2022 and 2021, the Company had two categories of potential ordinary shares: share options and restricted share units. As the Company incurred losses for the year ended 31 December 2022, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amounts of diluted loss per share was the same as basic loss per share for the year ended 31 December 2022.

**7. Trade receivables**

Majority of the Group's debtors are granted with credit periods ranged from 1 to 3 months. An ageing analysis of trade receivables based on invoice date is as follows:

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables		
— Up to 3 months	62,782	63,833
— 3 to 6 months	2,736	1,081
— 6 months to 1 year	658	451
— Over 1 year	290	892
Less: allowance for impairment of trade receivables	(2,407)	(2,758)
	<u>64,059</u>	<u>63,499</u>

## 8. Accounts payables

As of 31 December 2022, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date was as follows:

	As of 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
— Up to 3 months	285,735	499,141
— 3 to 6 months	23,065	24,902
— 6 months to 1 year	7,523	9,984
— Over 1 year	128,357	135,315
	<u>444,680</u>	<u>669,342</u>

## 9. Dividends

No dividends have been paid or declared by the Company during each of the year ended 31 December 2022 and 2021.

## 10. Share-based compensation expense

Share-based compensation was recognised in costs and expenses for the year ended 31 December 2022 and 2021 are as follows:

	Year ended	Year ended 31
	31 December	December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Administrative expenses	31,368	21,046
Research and development expenses	7,866	8,152
Cost of sales	3,626	3,729
Selling and marketing expenses	520	604
	<u>43,380</u>	<u>33,531</u>

## **OTHER INFORMATION**

### **FINAL DIVIDEND**

The Board does not recommend any payment of final dividend for the year ended 31 December 2022.

### **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2022, the Company has repurchased a total of 863,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK\$1,312,130. The highest price paid per share is HK\$1.56 and the lowest price paid per share is HK\$1.50.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

### **RESTRICTED SHARE UNIT SCHEME**

During the year ended 31 December 2022, the trustee of the restricted share unit scheme of the Company (adopted on 23 June 2018) has purchased a total of 27,600,000 shares of the Company on the Stock Exchange.

### **THE 2022 RSU SCHEME**

The Company has adopted another restricted share unit scheme on 12 May 2022 (the “**2022 RSU Scheme**”). Please refer to the announcement of the Company dated 12 May 2022 for further details of the 2022 RSU Scheme. During the year ended 31 December 2022, no restricted share units were granted under the 2022 RSU Scheme.

## **ANNUAL GENERAL MEETING**

The Company will convene the annual general meeting of 2023 (the “AGM”). For details of the AGM, please refer to the notice of the AGM which will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.inkeverse.com](http://www.inkeverse.com)) in due course.

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

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code of corporate governance. During the year ended 31 December 2022, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the best practices set out therein, except for a deviation from the code provision C.2.1 of the CG Code which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. FENG Yousheng (“Mr. FENG”) is the chairman and chief executive officer of the Company. With extensive experience in the internet industry, Mr. FENG is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company’s growth and business expansion since its establishment in 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. FENG), 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 and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this results announcement, at least 25% of the Company’s total number of issued shares were held by the public.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2022.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors, Mr. David CUI and Dr. LI Hui, and one non-executive Director, Mr. LIU Xiaosong. Mr. David CUI is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the Annual Results for the year ended 31 December 2022.

## **IMPORTANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD**

There were no any significant events after 31 December 2022 and up to the date of this results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT 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 ([www.inkeverse.com](http://www.inkeverse.com)). The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course in accordance with Rule 13.46 of the Listing Rules.

By order of the Board  
**Inkeverse Group Limited**  
**FENG Yousheng**  
*Chairman and Executive Director*

Hong Kong, 26 March 2023

*As at the date of this announcement, the executive Directors are Mr. FENG Yousheng and Mr. HOU Guangling; the non-executive Director is Mr. LIU Xiaosong; and the independent non-executive Directors are Mr. David CUI, Mr. DU Yongbo and Dr. LI Hui.*