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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 2023

#### FINANCIAL HIGHLIGHTS

	For the year ended		Year-on-Year Change*
	31 December 2023	2022	
	RMB'000	RMB'000	%
Revenue	<b>6,844,788</b>	6,319,321	8.3
Cost of sales	<b>(4,011,689)</b>	(3,772,829)	6.3
Gross profit	<b>2,833,099</b>	2,546,492	11.3
Operating profit/(loss)	<b>424,160</b>	(46,987)	1,002.7
Profit/(loss) for the year	<b>400,558</b>	(168,459)	337.8
Non-IFRS Accounting Standards adjusted net profit**	<b>425,974</b>	387,679	9.9

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

\*\* Non-IFRS Accounting Standards adjusted net profit was calculated using profit/(loss) for the year eliminates the effects of non-cash share-based compensation expenses and impairment loss of goodwill.

The Board has resolved to recommend the payment of a final dividend of HKD0.0412 per Share for the year ended 31 December 2023, being approximately HKD79.9 million in aggregate (2022: nil).

## 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	2022	Change*
	2023		%
Average monthly active users ("MAUs")** (in thousands)	22,808	26,712	(14.6)
Average monthly revenue per user ("ARPU")** (in RMB)	25.0	19.7	26.9

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

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

The shares (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 (the "Group") for the year ended 31 December 2023 (the "Reporting Period").

## **BUSINESS OVERVIEW AND OUTLOOK**

In 2023, the Group continued to develop the field of “interactive entertainment”. Our live streaming and social networking business maintained healthy development, providing steady cash flow for the Group continuously. The rapid emergence of innovative businesses, such as playlets, has opened up new growth room for the Group and effectively demonstrated our ability and confidence to innovate. Through continuous refinement and accumulation of overseas products, the Group has also made positive progress in terms of market coverage and localisation.

In 2024, the Group will adhere to the concept of “innovation drives growth and technology shapes the future”, and keep a foothold on the global market by taking live streaming and social networking as the core, actively exploring innovative businesses, accurately capturing market opportunities and expanding its scope of business continuously.

The Group will fully utilise the advantages brought by the prosperity and development of the global mobile internet and technology and continue to improve the global social entertainment ecological landscape, which will help the Group achieve long-term and steady growth.

## **BUSINESS REVIEW**

### **Healthy live streaming and social networking ecosystem with platform advantages facilitating steady growth**

The Group has always adhered to the concept of sustainable development, continuously optimised its core businesses, and fully leveraged the advantages of the live streaming platform to provide strong support for the Group’s strategic plan. “Inke APP”, the cornerstone business of the Group, maintained healthy and steady development over time. While continuously improving platform content classification management and review, the Group has created a healthy and vibrant live streaming ecosystem through rich and diverse approaches and refined operational strategies, and continuous optimisation of the resource management and incentive policies for streamers. Furthermore, by cooperating with more market brands, the Group promoted the ecological linkage of platform-live streamers-brand-users. The Group also upgraded the algorithms to enhance monetisation potential and further unlocked the commercial value and brand advantages of the platform, providing sufficient cash flow to support the Group’s long-term development.

In addition, the Group continued to leverage the advantages of its social product matrix, and enhanced its overall market competitiveness by optimising the monetisation logic of the social product matrix, adjusting the user matching mechanism, and refining membership rights and interests. Through further platform empowerment, the Group continuously optimised resources allocation and strengthened online-offline linkage, which effectively

consolidated the user base and enhanced commercial monetisation capabilities. The steady development of the live streaming and social networking core business ensured ample liquidity for the Group and also effectively supported the Group's deep expansion and ongoing innovation across various business segments.

### **Booming development of innovative businesses such as playlets and continuous injection of new growth momentum**

The Group is always mindful of the latest trends in the industry. In recent years, innovative businesses have become the second driving force for the Group's growth. Since entering the playlet market in the second half of 2022, the Group has quickly opened up the entire playlet industry link, launched a series of hit playlets, successfully become a leader in the playlet industry, and achieved new growth in the scale of innovative business revenue. In the process of development, the Group has always attached great importance to content quality and healthy orientation, explored novel themes, and enriched narrative methods. While continuously improving production standards, the Group keeps abreast of the market trend and explores themes with hit-making potential. Both content quality and market size of the innovative businesses have steadily remained at the forefront of the industry.

The continuous upgrading and rapid development of innovative businesses also validate the Group's innovative methodologies. Over the years, the Group has actively explored innovative businesses, launching multiple innovative products in the pan-entertainment sector with its profound foundation in product research and development and quick capability in content innovation. This has enriched the Group's product matrix and content ecosystem, continuously fueling new growth momentum for the Group. The Group remains committed to innovative layouts, constantly refining and forming a complete innovation mechanism, and continually bringing new growth opportunities to the Group.

### **Accelerating overseas expansion and in-depth implementation of product localisation**

The Group actively seized opportunities in overseas markets, closely monitored new trends in international markets and accelerated the localisation process of its products abroad. Attributable to the continuous refinement in the early stage and optimisation of both products and operations, some of the Group's social products have entered the top ranks of best-selling social applications in Vietnam. In addition, the Group's overseas footprint has gradually expanded from Vietnam to other Southeast Asian countries, and has begun to enter emerging markets such as the Middle East. In the advancement of its overseas strategy, the Group has increased its efforts in localising the operation of its overseas products. In particular, the Group has deployed localisation teams in Vietnam, Thailand and other places to expand cooperation with local talent agencies and enrich content supply. In addition, based on the feedback from the operation team, the Group continued to make targeted iterations to its product functions and adjust service models to provide more suitable end-to-end features to local users. Furthermore, the Group launched a series of online and

offline activities in conjunction with local festivals to continue to enhance brand awareness and attract more users to its platforms. With the further regional expansion, rapid product iteration and in-depth localised operations, the Group's overseas revenue has increased significantly year-on-year.

## **BUSINESS OUTLOOK**

### **Adhering to Sustainable Development of Core Business and Expanding Platform Advantages**

The Group will continue to solidify its core business, enrich the live streaming and social networking ecosystem, expand platform advantages, and explore diverse application scenarios to meet the personalised needs of various user groups. The platform will strengthen product functions, enhance product iteration efficiency and focus on the accumulation and maintenance of user relationships to consolidate and expand the core user base. In addition, the Group will actively introduce advanced technologies, optimise user interfaces, and create more immersive interactive experiences to effectively increase user engagement and loyalty. Faced with an ever-changing industry environment, the Group will uphold a long-term development perspective, proactively adapt to market changes, actively promote the integration of live streaming and social networking with other business forms, continuously build new ecosystems suited to the current user needs, and persistently create and deliver long-term value.

### **Accelerating the Commercialisation and Implementation of Overseas Products to Build a Global Interactive Entertainment Layout**

The continued expansion of the global social networking market scale and the increasingly diversified social consumption needs of users have attracted more and more domestic companies to speed up their overseas expansion. After early overseas exploration, the Group has gradually developed a market expansion methodology. It will focus on developing overseas markets, strengthening its competitive advantages in core markets, and accelerating business expansion in the Middle East and other regions. The Group will continue to increase its investments in products that have been verified by business models, formulate differentiated payment strategies for different regions, increase user loyalty and usage time, and expand product coverage and penetration. In addition, the Group will continue to research and develop new products adapted to different markets, explore the segmented needs of users, quickly introduce vertical products with high quality and stickiness, establish a diversified product matrix of personality matching, voice communication, video companionship, and interactive sharing, and fully open up the growth space in overseas markets.

## **Focusing on Cutting-Edge Technological Innovations to Explore New Growth Opportunities**

With the rapid evolution of the Internet industry and the emergence of novel approaches, the Group will continue to maintain a high sensitivity to the market environment, closely monitor the industry trends, and constantly seize new market opportunities. Leveraging our capabilities in Internet product development, commercialisation, and traffic operations, as well as precise analysis and forecasting of vertical individual demands, we will capture innovation opportunities efficiently. In addition, the Group will actively embrace new technologies, experimenting with implementations in AI-powered digital spokesman live streaming, AI-based social networking, AI-generated music, AI-scripted contents, AI-driven operations and other aspects to provide users a multi-faceted and subversive immersive experience. The Group will also pay close attention to cutting-edge trends such as Web3.0 to further promote the deep integration of industrial chain and capital chain, and drive enterprise reform with digital transformation, building a new Internet ecosystem by exploring new models that can be experienced and perceived. We firmly believe that by gradually increasing the strategic investment in the cutting-edge field, actively deploying research and development teams, introducing high-end talents, and promoting the deep integration of cutting-edge technology with various business scenarios, the Group will continue to consolidate its core competitiveness in the future market and lead a quality and comprehensive intelligent development.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the Group's consolidated statement of comprehensive income/(loss) 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 2022 to the year ended 31 December 2023:

	For the year ended 31 December				Change
	2023		2022		
	RMB'000	%	RMB'000	%	%
Revenue	6,844,788	100.0	6,319,321	100.0	8.3
Cost of sales	(4,011,689)	(58.6)	(3,772,829)	(59.7)	6.3
<b>Gross profit</b>	<b>2,833,099</b>	<b>41.4</b>	2,546,492	40.3	11.3
Selling and marketing expenses	(2,073,756)	(30.3)	(1,381,268)	(21.9)	50.1
Administrative expenses	(227,269)	(3.3)	(774,256)	(12.3)	(70.6)
Research and development expenses	(271,956)	(4.0)	(388,666)	(6.2)	(30.0)
Net impairment losses on financial assets	(13,062)	(0.2)	(50,248)	(0.8)	(74.0)
Other income	38,555	0.6	47,642	0.8	(19.1)
Other gains/(losses) — net	138,549	2.0	(46,683)	(0.7)	396.8
<b>Operating profit/(loss)</b>	<b>424,160</b>	<b>6.2</b>	(46,987)	(0.7)	1,002.7
Finance income	38,738	0.6	18,970	0.3	104.2
Finance costs	(3,260)	(0.0)	(11,630)	(0.2)	(72.0)
<b>Finance income — net</b>	<b>35,478</b>	<b>0.5</b>	7,340	0.1	383.4
Share of profit/(loss) of investments accounted for using the equity method	20,909	0.3	(51,204)	(0.8)	140.8
<b>Profit/(loss) before income tax</b>	<b>480,547</b>	<b>7.0</b>	(90,851)	(1.4)	628.9
Income tax expense	(79,989)	(1.2)	(77,608)	(1.2)	3.1
<b>Profit/(loss) for the year</b>	<b>400,558</b>	<b>5.9</b>	(168,459)	(2.7)	337.8

	For the year ended 31 December				Change
	2023		2022		
	RMB'000	%	RMB'000	%	%
<b>Other comprehensive income/(loss)</b>					
Items that may be reclassified to profit or loss:					
Currency translation differences	(4,569)	(0.1)	5,697	0.1	(180.2)
Items that will not be reclassified to profit or loss:					
Currency translation differences	15,876	0.2	72,051	1.1	(78.0)
<b>Other comprehensive income for the year, net of tax</b>	<u>11,307</u>	<u>0.2</u>	<u>77,748</u>	<u>1.2</u>	<u>(85.5)</u>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<u>411,865</u>	<u>6.0</u>	<u>(90,711)</u>	<u>(1.4)</u>	<u>554.0</u>
<b>Profit/(loss) attributable to:</b>					
— The owners of the Company	386,529	5.6	(166,101)	(2.6)	332.7
— Non-controlling interests	14,029	0.2	(2,358)	(0.0)	695.0
<b>Profit/(loss) for the year</b>	<u>400,558</u>	<u>5.9</u>	<u>(168,459)</u>	<u>(2.7)</u>	<u>337.8</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
— The owners of the Company	397,836	5.8	(88,353)	(1.4)	550.3
— Non-controlling interests	14,029	0.2	(2,358)	(0.0)	695.0
	<u>411,865</u>	<u>6.0</u>	<u>(90,711)</u>	<u>(1.4)</u>	<u>554.0</u>
<b>Earnings/(loss) per share attributable to the shareholders of the Company (expressed in RMB per share):</b>					
— Basic earnings/(loss) per share	<u>0.21</u>		<u>(0.09)</u>		
— Diluted earnings/(loss) per share	<u>0.21</u>		<u>(0.09)</u>		

## ***Revenue***

The Group's revenue for the Reporting Period amounted to approximately RMB6,844.8 million, representing an increase of 8.3% from approximately RMB6,319.3 million in 2022, primarily because the Group has been committed to the development strategy of product matrix and has actively developed innovation while stabilising the core business. Innovative businesses during the year have brought new growth momentum to the Group and driven an increase in the revenue scale.

## ***Cost of Sales***

The Group's cost of sales increased by 6.3% to approximately RMB4,011.7 million for the Reporting Period from approximately RMB3,772.8 million in 2022, mainly attributable to the increase in the revenue.

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

As a result of the foregoing, the Group's gross profit increased by 11.3% from approximately RMB2,546.5 million in 2022 to approximately RMB2,833.1 million for the Reporting Period, and the Group's gross profit margin increased from 40.3% in 2022 to 41.4% for the Reporting Period, which remained stable as compared to the gross profit margin of the corresponding period in 2022.

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

The Group's selling and marketing expenses increased by 50.1% from approximately RMB1,381.3 million in 2022 to approximately RMB2,073.8 million for the Reporting Period. The Group's selling and marketing expenses as a percentage of the Group's revenue increased from 21.9% in 2022 to 30.3% for the Reporting Period, primarily because the Group increased the marketing and advertising efforts, resulting in an increase in selling and marketing expenses.

## ***Administrative Expenses***

The Group's administrative expenses decreased by 70.6% from approximately RMB774.3 million in 2022 to approximately RMB227.3 million for the Reporting Period, primarily as a result of the fact that there was no longer impact of the provision for impairment of goodwill on the Group during the Reporting Period. If excluding the impact of impairment of goodwill in 2022, the Group's administrative expenses decreased by 13.1% from approximately RMB261.5 million in 2022 to approximately RMB227.3 million for the Reporting Period.

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

The Group's research and development expenses decreased by 30.0% from approximately RMB388.7 million in 2022 to approximately RMB272.0 million for the Reporting Period. The decrease mainly due to the Group's continuous adjustment to its operational strategy for the optimisation of its staff structure, thus led to a decrease in staff costs.

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

Impairment losses on financial assets of the Group decreased from approximately RMB50.2 million in 2022 to approximately RMB13.1 million for the Reporting Period, mainly due to the decrease in the expected credit impairment losses on other receivables and trade receivables.

### ***Other Income***

The Group's other income decreased by 19.1% from approximately RMB47.6 million in 2022 to approximately RMB38.6 million for the Reporting Period, primarily because tax refunds received from the government were reduced.

### ***Other Gains/(Losses) — Net***

The Group's other gains/(losses) — net increased from a net loss of approximately RMB46.7 million in 2022 to a net gain of approximately RMB138.5 million for the Reporting Period, primarily as a result of the increase in fair value on certain financial assets held at fair value through profit or loss.

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

As a result of the foregoing, the Group achieved a turnaround from loss to profit, which increased by 1,002.7% from an operating loss of approximately RMB47.0 million in 2022 to an operating profit of approximately RMB424.2 million for the Reporting Period.

### ***Finance Income — Net***

The Group's net finance income increased by 383.4% from approximately RMB7.3 million in 2022 to approximately RMB35.5 million for the Reporting Period, primarily due to an increase in the bank interest income during the Reporting Period.

### ***Share of Profit/(Loss) of Investments Accounted for Using the Equity Method***

The Group's share of profit of investments accounted for using the equity method was approximately RMB20.9 million for the Reporting Period, and the share of loss of investments accounted for using the equity method was approximately RMB51.2 million in 2022. The profit was mainly came from the increase in the investment income recognised during the Reporting Period by the associates and joint ventures invested by the Group.

## *Income Tax Expense*

During the Reporting Period, the Group's income tax expense was approximately RMB80.0 million, which remained stable as compared to the income tax expense of the corresponding period in 2022.

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

As a result of the foregoing, the Group recorded a profit for the year of approximately RMB400.6 million for the Reporting Period, representing an increase of 337.8% from a loss for the year of approximately RMB168.5 million in 2022.

## *Non-IFRS Accounting Standards 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 Accounting Standards**”), the Group also uses 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 loss 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>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit/(loss) for the year	<b>400,558</b>	(168,459)
Add: non-cash share-based compensation expenses <sup>(1)</sup>	<b>25,416</b>	43,380
Add: impairment loss of goodwill	<b>—</b>	512,758
<b>Adjusted net profit<sup>(2)</sup></b>	<b><u>425,974</u></b>	<b><u>387,679</u></b>

### *Notes:*

- <sup>(1)</sup> Refers to share-based compensation benefits provided to certain employees pursuant to the employee share scheme.
- <sup>(2)</sup> To supplement our consolidated annual financial statements which are presented in accordance with IFRS Accounting Standards, 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 Accounting Standards 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 profit/(loss) for the year, and add back non-cash share-based compensation expenses and impairment loss of goodwill. The term of adjusted net profit is not defined under IFRS Accounting Standards. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our net profit/(loss) for the year.

## ***Liquidity and Capital Resources***

For the Reporting Period, 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 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 4.9 and the gearing ratio (the total liabilities to total equity ratio) was 0.2, which shows improvement as compared to 4.6 and 0.2, respectively, as at 31 December 2022.

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

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB2,362.3 million (31 December 2022: approximately RMB1,634.7 million), which primarily consisted of cash at banks. Out of approximately RMB2,362.3 million, approximately RMB1,865.6 million is denominated in Renminbi, and approximately RMB496.7 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 of 31 December 2023, the restricted cash balance of the Group was approximately RMB58.4 million (31 December 2022: approximately RMB60.4 million). Within the total restricted cash balance, approximately RMB34.5 million (31 December 2022: approximately RMB46.3 million) were cash frozen by the local regulatory authorities in connection with the relevant investigation in 2022 related to the case as disclosed in the section headed "Contingent Liabilities and Guarantees" in this Annual Results announcement. 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 2023, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB924.1 million (31 December 2022: approximately RMB1,477.8 million), mainly comprised (a) investments in wealth management products of approximately RMB725.5 million in aggregate (31 December 2022: approximately RMB1,322.5 million); and (b) investments in financial instruments with preferred rights of approximately RMB198.6 million (31 December 2022: approximately RMB155.4 million).

	<b>Balance as at 31 December 2023 RMB'000</b>	Balance as at 31 December 2022 RMB'000
<b>Financial Assets</b>		
<b>Current</b>		
Investments in wealth management products <sup>(1)</sup>		
— Listed Equity	<b>130,663</b>	103,515
— Funds	<b>543,227</b>	1,148,284
— Others	<b>51,612</b>	—
	<hr/>	<hr/>
<b>Subtotal</b>	<b>725,502</b>	1,251,799
	<hr/>	<hr/>
<b>Non-current</b>		
Investments in wealth management products <sup>(1)</sup>		
— Others	—	70,682
Unlisted preference shares	<b>198,643</b>	155,367
	<hr/>	<hr/>
<b>Subtotal</b>	<b>198,643</b>	226,049
	<hr/>	<hr/>
<b>Total</b>	<b>924,145</b>	1,477,848
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

<sup>(1)</sup> For the Reporting Period, no single wealth management product of the Group accounted for more than 5.0% 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 other financial institutions that had relatively low associated risk. Prior to making an investment, 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. The associated risk of these financial products were considered acceptable by the Group and are also in line with the internal risk management, cash management and investment policies of the Group. 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 an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the manageable risk level and the flexible redemption terms or a relatively short term of maturity of the wealth management products, the Directors are of the view that the risk exposure of these financial products to the Group is controllable, 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 (the “**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*

For the Reporting Period, the Group’s capital expenditures amounted to approximately RMB84.6 million (31 December 2022: approximately RMB31.9 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 the investigation initiated by the local regulatory authorities in 2022 on certain users’ behaviours through online platforms operated by the Group, the Group’s certain bank balances of approximately RMB34.5 million were restricted as of 31 December 2023.

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 the People’s Republic of China (the “**PRC**”). As of the date of this Annual Results announcement, 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 date of this Annual Results announcement, as the investigations are still ongoing with related details not being accessible by the Group, 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 of 31 December 2023, the Group did not have any pledge or charge on assets.

## ***Foreign Exchange Risk Management***

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is US Dollars, 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 2023, the Group had a total of 1,642 full time employees, mainly located in the PRC. In particular, 607 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 have not experienced any material labour disputes during the Reporting Period.

In order to expand the Company's talent team, strengthen the capability of talents in different levels and provide intellectual support to the 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 Reporting Period, 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 of the PRC 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 2023 to be published in due course.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	Year ended 31 December	
		2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	3	<b>6,844,788</b>	6,319,321
Cost of sales	4	<b>(4,011,689)</b>	(3,772,829)
<b>Gross profit</b>		<b>2,833,099</b>	2,546,492
Selling and marketing expenses	4	<b>(2,073,756)</b>	(1,381,268)
Administrative expenses	4	<b>(227,269)</b>	(774,256)
Research and development expenses	4	<b>(271,956)</b>	(388,666)
Net impairment losses on financial assets	4	<b>(13,062)</b>	(50,248)
Other income		<b>38,555</b>	47,642
Other gains/(losses) — net		<b>138,549</b>	(46,683)
<b>Operating profit/(loss)</b>		<b>424,160</b>	(46,987)
Finance income		<b>38,738</b>	18,970
Finance costs		<b>(3,260)</b>	(11,630)
<b>Finance income — net</b>		<b>35,478</b>	7,340
Share of profit/(loss) of investments accounted for using the equity method		<b>20,909</b>	(51,204)
<b>Profit/(loss) before income tax</b>		<b>480,547</b>	(90,851)
Income tax expense	5	<b>(79,989)</b>	(77,608)
<b>Profit/(loss) for the year</b>		<b>400,558</b>	(168,459)
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Currency translation differences		<b>(4,569)</b>	5,697
Items that will not be reclassified to profit or loss:			
Currency translation differences		<b>15,876</b>	72,051

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>11,307</b></u>	<u>77,748</u>
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<u><b>411,865</b></u>	<u>(90,711)</u>
<b>Profit/(loss) attributable to:</b>			
— The owners of the Company		<u><b>386,529</b></u>	<u>(166,101)</u>
— Non-controlling interests		<u><b>14,029</b></u>	<u>(2,358)</u>
<b>Profit/(loss) for the year</b>		<u><b>400,558</b></u>	<u>(168,459)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
— The owners of the Company		<u><b>397,836</b></u>	<u>(88,353)</u>
— Non-controlling interests		<u><b>14,029</b></u>	<u>(2,358)</u>
		<u><b>411,865</b></u>	<u>(90,711)</u>
<b>Earnings/(loss) per share attributable to the shareholders of the Company (expressed in RMB per share):</b>			
— Basic earnings/(loss) per share	6	<u><b>0.21</b></u>	<u>(0.09)</u>
— Diluted earnings/(loss) per share	6	<u><b>0.21</b></u>	<u>(0.09)</u>

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		73,869	26,379
Right-of-use assets		30,585	48,836
Investment properties		203,059	210,609
Intangible assets		56,585	62,779
Deferred tax assets		65,798	68,881
Investments accounted for using the equity method		502,937	475,614
Financial assets at fair value through profit or loss		198,643	226,049
Other receivables, deposits and other assets		10,266	28,700
Term deposits		25,000	—
<b>Total non-current assets</b>		<b>1,166,742</b>	1,147,847
<b>Current assets</b>			
Inventories		10,243	14,070
Other receivables, prepayments, deposits and other assets		567,280	487,728
Trade receivables	7	56,945	64,059
Financial assets at fair value through profit or loss		725,502	1,251,799
Term deposits		198,316	—
Restricted cash		58,391	60,403
Cash and cash equivalents		2,362,290	1,634,708
<b>Total current assets</b>		<b>3,978,967</b>	3,512,767
<b>Total assets</b>		<b>5,145,709</b>	4,660,614

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital		12,803	12,803
Other reserves		4,022,026	3,996,074
Accumulated profit/(deficits)		231,304	(155,225)
		<u>4,266,133</u>	<u>3,853,652</u>
<b>Non-controlling interests</b>		<u>15,710</u>	<u>(1,210)</u>
<b>Total equity</b>		<u><u>4,281,843</u></u>	<u><u>3,852,442</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		8,700	21,121
Deferred tax liabilities		36,006	24,737
		<u>44,706</u>	<u>45,858</u>
<b>Current liabilities</b>			
Accounts payable	8	508,366	444,680
Other payables and accruals		162,475	145,055
Contract liabilities		93,041	119,912
Current income tax liabilities		35,368	33,758
Lease liabilities		17,502	18,809
Provisions		2,408	100
		<u>819,160</u>	<u>762,314</u>
<b>Total current liabilities</b>		<u>819,160</u>	<u>762,314</u>
<b>Total liabilities</b>		<u>863,866</u>	<u>808,172</u>
<b>Total equity and liabilities</b>		<u><u>5,145,709</u></u>	<u><u>4,660,614</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners 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			
<i>Note</i>						
<b>Balance at 31 December 2022</b>	<b>12,803</b>	<b>3,996,074</b>	<b>(155,225)</b>	<b>3,853,652</b>	<b>(1,210)</b>	<b>3,852,442</b>
<b>Comprehensive income</b>						
Profit for the year	—	—	386,529	386,529	14,029	400,558
Currency translation differences	—	11,307	—	11,307	—	11,307
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>11,307</b>	<b>386,529</b>	<b>397,836</b>	<b>14,029</b>	<b>411,865</b>
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	—	25,416	—	25,416	—	25,416
Shares repurchased	—	(11,630)	—	(11,630)	—	(11,630)
Capital injection from non-controlling interests	—	—	—	—	4,750	4,750
Acquisition of non-controlling interests in subsidiaries	—	859	—	859	(1,859)	(1,000)
<b>Total transactions with owners in their capacity as owners</b>	<b>—</b>	<b>14,645</b>	<b>—</b>	<b>14,645</b>	<b>2,891</b>	<b>17,536</b>
<b>Balance at 31 December 2023</b>	<b>12,803</b>	<b>4,022,026</b>	<b>231,304</b>	<b>4,266,133</b>	<b>15,710</b>	<b>4,281,843</b>

		Attributable to the owners of the Company					
		Share	Other	Accumulated		Non-	
		capital	reserves	(deficits)/	Sub-total	controlling	Total
Note		RMB'000	RMB'000	profit	RMB'000	interests	RMB'000
				RMB'000		RMB'000	RMB'000
	<b>Balance at 31 December 2021</b>	13,262	3,905,672	10,876	3,929,810	1,338	3,931,148
	<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>	—	77,748	(166,101)	(88,353)	(2,358)	(90,711)
	<b>Transactions with owners in their capacity as owners</b>						
	Share-based compensation expenses	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 a subsidiary	—	—	—	—	(190)	(190)
	<b>Total transactions with owners in their capacity as owners</b>	(459)	12,654	—	12,195	(190)	12,005
	<b>Balance at 31 December 2022</b>	<u>12,803</u>	<u>3,996,074</u>	<u>(155,225)</u>	<u>3,853,652</u>	<u>(1,210)</u>	<u>3,852,442</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

Inkeverse Group Limited (the “**Company**”), previously known as Inke Limited, and its subsidiaries (together referred as to the “**Group**”) are principally engaged in value-added service and entertainment content service through operating the matrix of online platforms and providing an internet infrastructure to enable the users to interact through the platforms in the People’s Republic of China (the “**PRC**”).

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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

## 2. Basis of preparation

### *(a) Compliance with IFRS Accounting Standards and the disclosure requirements of HKCO*

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

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 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 the annual report of the Group for the reporting period ended 31 December 2023.

**(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 2023:

- Definition of Accounting Estimates — Amendments to International Accounting Standard (“IAS”) 8;
- International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12; and
- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Accounting Standards Practice Statement 2.

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 and amended standards and interpretations not yet adopted***

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the reporting period ended 31 December 2023 and have not been early adopted by the Group.

The following new and amended standards and annual improvements have been published (which may be applicable to the Group) but not mandatory for the reporting period ended 31 December 2023 and have not been early adopted by the Group:

	<b>New standards, amendments and annual improvements</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS Accounting Standards 16	Lease Liability in a sale and leaseback	1 January 2024
Hong Kong Interpretations 5 (Revised)	Presentation of financial statements - classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to IAS 7 and IFRS Accounting Standards 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS Accounting Standards 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Value-added service	5,219,985	5,800,992
Entertainment content service	958,683	40,662
Others	666,120	477,667
	<u>6,844,788</u>	<u>6,319,321</u>
	<u><b>6,844,788</b></u>	<u><b>6,319,321</b></u>

  

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time	6,709,474	6,209,772
Revenue recognised over time	135,314	109,549
	<u>6,844,788</u>	<u>6,319,321</u>
	<u><b>6,844,788</b></u>	<u><b>6,319,321</b></u>

#### 4. Expenses by nature

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue sharing to streamers	<b>3,100,339</b>	3,146,472
Promotion and advertising expenses	<b>2,031,052</b>	1,325,312
Employee benefit expenses	<b>692,335</b>	781,045
Cost of goods sold	<b>216,760</b>	121,012
Bandwidth and server custody cost	<b>119,958</b>	118,028
Payment handling costs	<b>111,374</b>	69,797
Technical support and professional service fees	<b>72,719</b>	50,979
Amortisation of intangible assets	<b>61,498</b>	23,737
Travelling, entertainment and general office expenses	<b>55,609</b>	53,033
Content cost	<b>38,223</b>	7,415
Depreciation of right-of-use assets	<b>23,540</b>	34,246
Taxes and surcharges	<b>17,136</b>	12,393
Expected credit loss allowance	<b>13,062</b>	50,248
Depreciation of property, plant and equipment	<b>11,183</b>	11,818
Outsourced development costs	<b>7,440</b>	23,130
Auditor's remuneration		
— Audit services	<b>6,000</b>	6,000
—Non-audit services	<b>650</b>	508
Expenses relating to short-term lease not included in lease liabilities	<b>2,129</b>	4,062
Impairment of goodwill and other intangible assets	<b>—</b>	518,661
Other expenses	<b>16,725</b>	9,371
	<b><u>6,597,732</u></b>	<b><u>6,367,267</u></b>

## 5. Income tax expense

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax		
Current income tax on profit for the year	<u>68,867</u>	<u>73,420</u>
<b>Total current income tax expense</b>	<b><u>68,867</u></b>	<b><u>73,420</u></b>
Deferred income tax		
Decrease/(increase) in deferred tax assets	2,009	(491)
Increase in deferred tax liabilities	<u>9,113</u>	<u>4,679</u>
<b>Total deferred income tax expense</b>	<b><u>11,122</u></b>	<b><u>4,188</u></b>
<b>Income tax expense</b>	<b><u>79,989</u></b>	<b><u>77,608</u></b>

## 6. Earnings/(loss) per share

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

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

- the profit/(loss) attributable to the 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	
	2023	2022
Profit/(loss) attributable to the owners of the Company (RMB'000)	386,529	(166,101)
Weighted average number of ordinary shares in issue (thousand shares)	1,853,941	1,850,226
Basic earnings/(loss) per share attributable to the shareholders of the Company (expressed in RMB per share)	0.21	(0.09)

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

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after-income tax effect of fair value changes with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Profit/(loss) attributable to the owners of the Company ( <i>RMB'000</i> )	<b>386,529</b>	(166,101)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>1,853,941</b>	1,850,226
Add: Adjustment for restricted share units granted to employees ( <i>thousand shares</i> )	<b>12,658</b>	—
Weighted average number of ordinary shares for calculation of diluted earnings/(loss) per share ( <i>thousand shares</i> )	<b>1,866,599</b>	1,850,226
Diluted earnings/(loss) per share attributable to the shareholders of the Company ( <i>expressed in RMB per share</i> )	<b>0.21</b>	(0.09)

## 7. Trade receivables

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
— Up to 3 months	<b>56,950</b>	62,782
— 3 to 6 months	<b>879</b>	2,736
— 6 months to 1 year	<b>93</b>	658
— Over 1 year	<b>1,355</b>	290
Less: allowance for impairment of trade receivables	<b>(2,332)</b>	(2,407)
	<b><u>56,945</u></b>	<b><u>64,059</u></b>

## 8. Accounts payable

An ageing analysis of the accounts payable (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
— Up to 3 months	<b>269,811</b>	285,735
— 3 to 6 months	<b>89,486</b>	23,065
— 6 months to 1 year	<b>9,693</b>	7,523
— Over 1 year	<b>139,376</b>	128,357
	<b><u>508,366</u></b>	<b><u>444,680</u></b>

## 9. Dividends

The Board has resolved to recommend the payment of a final dividend of HKD0.0412 per ordinary share for the year ended 31 December 2023, being approximately HKD79.9 million in aggregate (2022: nil).

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

## 10. Share-based compensation expenses

Share-based compensation was recognised in costs and expenses for the year ended 31 December 2023 and 2022 as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Administrative expenses	<b>16,443</b>	31,368
Research and development expenses	<b>6,439</b>	7,866
Cost of sales	<b>2,260</b>	3,626
Selling and marketing expenses	<b>274</b>	520
	<b><u>25,416</u></b>	<b><u>43,380</u></b>

## **OTHER INFORMATION**

### **FINAL DIVIDEND**

The Board has resolved to recommend the payment of a final dividend of HKD0.0412 per Share for the year ended 31 December 2023, being approximately HKD79.9 million in aggregate (2022: nil). The final dividend is subject to the approval of the Shareholders at the forthcoming 2024 annual general meeting of the Company (the “AGM”) and thereafter, it will be expected to be paid on 16 July 2024 to the Shareholders whose names appear on the register of members of the Company on 21 June 2024.

### **ANNUAL GENERAL MEETING**

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)), respectively, in due course.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 19 June 2024 to 21 June 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to receive the final dividend. In order to be eligible to receive the final dividend, all properly completed transfer documents for Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 18 June 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

## 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. During the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the recommended 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 of the date of this Annual Results announcement, at least 25% of the total number of issued Shares were held by the public.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix C3 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 Reporting Period.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and the related notes thereto for the Reporting Period as set out in this Annual Results announcement have been agreed by the Company's independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated annual financial statements for the Reporting Period.

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 Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by PricewaterhouseCoopers on this Annual Results.

## **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 of the date of this Annual Results 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 Reporting Period.

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

There were no any significant events after 31 December 2023 and up to the date of this Annual Results announcement.

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

This 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 2023 will be dispatched to the Shareholders and will be available on the website of the Stock Exchange and that of the Company, respectively, 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 2024

*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.*