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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Period- to-Period Change*	For the year ended 31 December
	2024 (unaudited)	2023 (unaudited)	%	2023 (audited)
	<i>(RMB in thousands, except for percentages)</i>			
Revenue	<b>3,533,173</b>	3,126,091	13.0	6,844,788
Cost of sales	<b>(1,873,214)</b>	(1,795,505)	4.3	(4,011,689)
Gross profit	<b>1,659,959</b>	1,330,586	24.8	2,833,099
Operating profit	<b>136,687</b>	201,967	(32.3)	424,160
Profit for the period/year	<b>135,115</b>	192,584	(29.8)	400,558
Non-IFRSs adjusted net profit**	<b>146,485</b>	205,734	(28.8)	425,974

\* *Period-to-Period Change represents a comparison between the current reporting period and the corresponding period of last year.*

\*\* *Non-IFRSs adjusted net profit was calculated using profit for the period/year eliminates the effect of non-cash share-based compensation expenses.*

## OPERATIONAL HIGHLIGHTS

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

	For the six months ended 30 June		Period- to-Period Change*	For the year ended
	2024	2023	%	31 December 2023
Average monthly active users (“MAUs”)** (in thousands)	24,045	28,094	(14.4)	22,808
Average monthly revenue per user (“ARPU”)** (in RMB)	24.5	18.5	32.1	25.0

\* *Period-to-Period Change represents a comparison between the current reporting period and the corresponding period of last year.*

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of Inkeverse Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”). The Interim Results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

In the first half of 2024, in the face of the complex and changing external environment and continued intensifying market competition, the Group adhered to the sustainable development strategy by taking the continued and steady development of the interactive entertainment business as the core. Relying on the product matrix approach, the Group kept consolidating its scale advantages in areas such as live streaming and social networking, steadily promoted the diversified exploration of innovative businesses such as playlets, and continuously accumulated overseas expansion experience, striving to maintain steady development in the highly competitive market and create long-term value for our users and shareholders. In the first half of 2024, the total revenue of the Group was approximately RMB3,533.2 million, increasing by 13.0% period-to-period.

In the future, the Group will continue to focus on its sustainable development strategy, consolidate the capabilities of its core product matrix, and rely on its stable cash flow reserves and healthy and active user ecosystem to continuously enhance the value of its core businesses and expand its scale advantages. In addition, the Group will seize overseas development opportunities, accelerate the realization of scaled revenue from overseas products, continue to explore cutting-edge technologies, explore new application scenarios, and open up more dimensional growth space.

### **BUSINESS REVIEW**

#### **Live streaming and social networking: facilitating virtuous cycles with its healthy and active ecosystem**

We gained certain scale advantages and accumulated extensive operating experience in the live streaming and social networking business, the cornerstone business of the Group, after 9 years of deep cultivation. Although the current market environment was volatile, the Group created a healthy and active user atmosphere and maintained its brand advantage of “Inke APP” with its mature and systematic operating model and continuously optimized ecological structure. In the face of the ever-changing and increasingly segmented social needs of users, our product matrix was able to accurately and efficiently enter into new scenarios, cover more users in vertical fields, and continue to show strategic advantages. The long-term and stable operation of its core businesses established a virtuous business cycle for the Group.

### **Playlets: consolidating the leading position with its layout of the entire industrial chain**

The steady advancement of the playlet business was an important reflection of the Group's innovative capabilities. Since 2024, the competition in the field of playlets has become more and more intense. The vigorous development of the market attracted a great number of manufacturers and platforms to join. The market entry threshold rose accordingly, and the industry's profit margins were further compressed. With its early entry, precise investment level, and efficient and integrated upstream and downstream collaboration capabilities, the Group quickly built a complete chain for playlets and maintained a stable revenue scale. Furthermore, the Group also cautiously explored the next stage of the development of playlets, attempted to deeply integrate playlets with culture and tourism, and created high-quality and refined playlets. Simultaneously, it grabbed new opportunities of overseas playlets, focused on the validation of commercialization paths, and promoted the diversified development of the playlet business.

### **Overseas: opening up more market spaces with its accumulated expansion experience**

Persisting in going overseas was one of the key exploration directions of the Group. In overseas expansion, we focused on countries and regions with a large population, a relatively sound infrastructure such as mobile payment, and a general willingness to spend on interactive entertainment. Leveraging accumulated mature domestic experience, we quickly entered the market with a vertically segmented matrix approach. While adding localized elements to product gameplay and design, it gradually opened up new businesses in different markets. Previously, some of our products launched in Southeast Asia have completed commercial verification, providing relatively mature experience and models for expanding to other regions. Since this year, we have tried to explore markets such as the Middle East, launched some products and built up a certain number of users. By constantly adjusting product models and deepening our understanding of users, we significantly shortened the adaptation period to new markets, accumulated valuable localized operating experience, and provided strong support for subsequent overseas expansion.

## **BUSINESS OUTLOOK**

### **Enriching social product matrix and strengthening core competitiveness**

The current market is filled with opportunities and challenges. The Group will continue to understand users' needs, continuously enrich the social product matrix, and consolidate the Group's competitive advantages through synergistic matrix. At the same time, it will continue to leverage its innovation capabilities and actively explore new growth opportunities. In the field of interactive entertainment, we have gained extensive resources and experience and have a mature research and development team and an efficient middle office system, so we can quickly create new products and complete the verification of our business models in a short period of time. The Group is also actively paying attention to industry trends, creating novel interactive gameplay, optimizing content quality, and continuously improving users' experience and their loyalty to the platform. We believe that with its keen insights into industry trends and accurate grasp of users' needs, as well as its mature entrepreneurial mechanism and strong middle office support, the Group will continue to give instant response to market demands and maintain its core competitiveness in the dynamic market environment.

## **Optimizing overseas operating strategies and opening up scale growth paths**

In the expansion of overseas markets, the Group will further deepen localized operations based on the existing social products, explore regional growth potential, and increase accumulated experience efficiency. Moreover, it will continue to enrich product forms, launch more products and gameplay such as social networking + live streaming, and attract more users with broad interactive forms. Besides, we will increase our expansion efforts in Southeast Asia, the Middle East and other regions, continue exploring emerging markets, and unlock more opportunities. With the continuous deepening of overseas expansion, the Group will focus on the optimization of overseas business models and the improvement of user conversion rates. While expanding in regions, it will continue to polish the business models and open up scale growth paths.

## **Exploring cutting-edge technologies and leading the future of the industry**

A new round of technological transformation and digital upgrades is accelerating. The Group always adheres to technological innovation and actively participates in the layout of emerging fields. In the Web2.0 era, the Group created a product matrix based on different scenarios and users' needs, hence accumulating extensive experience. With the advent of the Web3.0 era, the Group continued to absorb emerging technologies, actively created a brand new product model, and set up a new era of interactive entertainment experience. Stepping into the Web3.0 era, the Group intends to strategically hold cryptocurrencies for a long time in order to provide underlying support for entering this emerging field. On top of that, the Group will continue to focus on the development of AI technology, promote the implementation of AI applications through self-research + cooperation, create a unique entertainment and social ecosystem, and lead the future development of the industry.

## **FINANCIAL REVIEW**

### ***Revenue***

The Group's revenue for the Reporting Period amounted to approximately RMB3,533.2 million, representing an increase of 13.0% from approximately RMB3,126.1 million recorded for the corresponding period in 2023. The growth in revenue is mainly benefited from the fact that the Group has been committed to the development strategy of product matrix, consolidating the scale advantage of core businesses, and steadily promoting the diversified exploration of innovative businesses such as playlets.

### ***Cost of sales***

The Group's cost of sales increased by 4.3% to approximately RMB1,873.2 million for the Reporting Period from approximately RMB1,795.5 million for the corresponding period in 2023, 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 24.8% to approximately RMB1,660.0 million for the Reporting Period from approximately RMB1,330.6 million for the corresponding period in 2023. The Group's gross profit margin increased to approximately 47.0% for the Reporting Period from approximately 42.6% for the corresponding period in 2023.

### ***Selling and marketing expenses***

The Group's selling and marketing expenses increased by 34.1% to approximately RMB1,289.7 million for the Reporting Period from approximately RMB962.0 million for the corresponding period in 2023. The Group's selling and marketing expenses as a percentage of the Group's revenue increased from 30.8% for the corresponding period in 2023 to 36.5% for the Reporting Period, primarily because the Group increased the marketing and advertising efforts, resulting in an increase in the selling and marketing expenses.

### ***Administrative expenses***

The Group's administrative expenses increased by 31.4% to approximately RMB131.5 million for the Reporting Period from approximately RMB100.1 million for the corresponding period in 2023, which was mainly due to the Group's adjustment of its staff structure, which led to an increase in employee welfare expenses in the short term.

### ***Research and development expenses***

The Group's research and development expenses decreased by 30.4% to approximately RMB99.1 million for the Reporting Period from approximately RMB142.5 million for the corresponding period in 2023. Such decrease was primarily due to the Group's continuous adjustment to its operational strategy for the optimization of its staff structure and a decrease in staff costs.

### ***Other (losses)/gains — net***

The Group's other (losses)/gains — net decreased from a net gain of approximately RMB66.2 million for the corresponding period in 2023 to a net loss of approximately RMB18.5 million for the Reporting Period, primarily due to the change in the fair value on certain financial assets held at fair value through profit or loss, which is affected by market fluctuations.

### ***Finance income — net***

The Group recorded net finance income of approximately RMB20.5 million for the Reporting Period, representing an increase of 83.6% as compared to approximately RMB11.2 million for the corresponding period in 2023, mainly due to the adjustment of the Group's capital allocation strategy, resulting in an increase in the bank interest income during the Reporting Period.

### ***Share of (loss)/profit of investments accounted for using the equity method***

The Group's share of loss of investments accounted for using the equity method was approximately RMB1.3 million for the Reporting Period, and the share of profit of investments accounted for using the equity method was approximately RMB14.2 million for the corresponding period in 2023. The loss was mainly came from the decrease in the investment income recognized 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 RMB20.8 million, representing a decrease of 40.0% as compared to approximately RMB34.7 million for the corresponding period in 2023. The decrease in income tax expense was primarily due to the period-to-period decrease in the net operating profit.

### *Profit for the period*

As a result of the foregoing, the Group recorded a profit of approximately RMB135.1 million for the Reporting Period, representing a decrease of 29.8% from a profit for the period of approximately RMB192.6 million for the corresponding period in 2023.

### *Non-IFRSs measure — Adjusted net profit*

To supplement the Group's unaudited interim condensed consolidated financial information which is presented in accordance with the International Financial Reporting Standards (the "IFRSs"), 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. The table below sets forth the reconciliation of adjusted net profit for the periods indicated:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the period	<b>135,115</b>	192,584
Add: non-cash share-based compensation expenses <sup>(1)</sup>	<b>11,370</b>	13,150
Adjusted net profit <sup>(2)</sup>	<b>146,485</b>	205,734

#### *Notes:*

- (1) Refers to share-based compensation benefits provided to certain employees via the employee share scheme.
- (2) To supplement our unaudited interim condensed consolidated financial information which are presented in accordance with the IFRSs, 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-IFRSs measure provides useful data 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 by using profit for the period and add back non-cash share-based compensation expenses. The term of adjusted net profit is not defined under the IFRSs. 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 for the period.



## **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 its sustainable growth. As at 30 June 2024, the current ratio (the current assets to current liabilities ratio) of the Group was 4.6, and the gearing ratio (the total liabilities to total equity ratio) was 0.2, as compared to 4.9 and 0.2, respectively, as at 31 December 2023.

### ***Cash and cash equivalents and restricted cash***

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB2,009.2 million (31 December 2023: approximately RMB2,362.3 million), which primarily consisted of cash at banks. Out of approximately RMB2,009.2 million, approximately RMB1,603.5 million is denominated in Renminbi and approximately RMB405.7 million is denominated in other currencies (primarily United States dollars (“**USD**”). The Group independently adjusts its foreign currency holdings to ensure the smooth development of overseas business.

As of 30 June 2024, the restricted cash balance of the Group was approximately RMB159.4 million (31 December 2023: approximately RMB58.4 million), primarily consisting of security deposits of RMB101.9 million, with the remainder comprising frozen cash and other restricted items. Within the total restricted cash balance, approximately RMB34.5 million (31 December 2023: approximately RMB34.5 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 interim 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 30 June 2024, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,354.4 million (31 December 2023: approximately RMB924.1 million), mainly comprised (a) investments in wealth management products of approximately RMB1,158.2 million in aggregate (31 December 2023: approximately RMB725.5 million); and (b) investments in financial instruments with preferred rights of approximately RMB196.2 million (31 December 2023: approximately RMB198.6 million).

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
<b>Financial Assets</b>		
<b>Current</b>		
Investment in wealth management products <sup>(1)</sup>		
— Listed Equity	<b>183,513</b>	130,663
— Funds	<b>728,670</b>	543,227
— Others	<b>246,000</b>	51,612
<b>Subtotal</b>	<b>1,158,183</b>	725,502
<b>Non-current</b>		
Unlisted preference shares	<b>196,217</b>	198,643
<b>Subtotal</b>	<b>196,217</b>	198,643
<b>Total</b>	<b>1,354,400</b>	924,145

*Note:*

- (1) For the Reporting Period, no single wealth management product of the Group accounted for more than 5.0% of the 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 financial products issued by commercial banks and other financial institutions. 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 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 RMB69.6 million (six months ended 30 June 2023: approximately RMB20.3 million), which were mainly used for the acquisition of equipment, leasehold improvements and intangible assets. The Group funded its capital expenditure by using the cash flow generated from its operations.

### ***Contingent liabilities and guarantees***

In connection with the investigations 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 30 June 2024.

The management of the Company, taking into consideration 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 interim 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 that it is more likely that no present obligation exists as a result of such investigations. As at the date of this interim 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 30 June 2024, 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 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 Policy**

As of 30 June 2024, the Group had a total of 1,440 full-time employees, mainly located in the PRC. In particular, 479 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 it maintains a good working relationship with the employees and has not experienced any material labour disputes during the Reporting Period.

In order to expand the Company's talent team, strengthen the capability of talents at 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 targeted training for the recruited graduates, new employees, junior management, mid-level management and senior management.

### **Interim Dividend**

The Board resolved not to declare any payment of interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Unaudited	
		Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	3,533,173	3,126,091
Cost of sales	6	<u>(1,873,214)</u>	<u>(1,795,505)</u>
<b>Gross profit</b>		<b>1,659,959</b>	1,330,586
Selling and marketing expenses	6	(1,289,739)	(961,999)
Administrative expenses	6	(131,544)	(100,097)
Research and development expenses	6	(99,140)	(142,541)
Net impairment reversal/(losses) on financial assets	6	1,574	(4,571)
Other income		14,104	14,411
Other (losses)/gains — net		<u>(18,527)</u>	<u>66,178</u>
<b>Operating profit</b>		<b>136,687</b>	201,967
Finance income		24,221	12,131
Finance costs		<u>(3,705)</u>	<u>(954)</u>
Finance income — net		<u>20,516</u>	11,177
Share of (loss)/profit of investments accounted for using the equity method		<u>(1,274)</u>	14,151
<b>Profit before income tax</b>		<b>155,929</b>	227,295
Income tax expense	7	<u>(20,814)</u>	<u>(34,711)</u>
<b>Profit for the half-year</b>		<b><u>135,115</u></b>	<b><u>192,584</u></b>
<b>Profit attributable to:</b>			
— The owners of the Company		120,599	190,349
— Non-controlling interests		<u>14,516</u>	<u>2,235</u>
		<b><u>135,115</u></b>	<b><u>192,584</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Currency translation differences		(795)	589
Items that will not be reclassified to profit or loss:			
Currency translation differences		<u>6,624</u>	<u>33,611</u>
<b>Other comprehensive income for the half-year, net of tax</b>		<u>5,829</u>	<u>34,200</u>
<b>Total comprehensive income for the half-year, net of tax</b>		<u>140,944</u>	<u>226,784</u>
<b>Total comprehensive income attributable to:</b>			
— The owners of the Company		126,428	224,549
— Non-controlling interests		<u>14,516</u>	<u>2,235</u>
		<u>140,944</u>	<u>226,784</u>
<b>Earnings per share attributable to the shareholders of the Company (expressed in RMB per share):</b>			
— Basic earnings per share	<i>8(a)</i>	<u>0.06</u>	<u>0.10</u>
— Diluted earnings per share	<i>8(b)</i>	<u>0.06</u>	<u>0.10</u>

*The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		96,768	73,869
Right-of-use assets		21,350	30,585
Investment properties		163,747	203,059
Intangible assets		57,208	56,585
Deferred tax assets		65,951	65,798
Investments accounted for using the equity method		514,233	502,937
Financial assets at fair value through profit or loss		196,217	198,643
Other receivables, deposits and other assets		5,999	10,266
Term deposits		25,000	25,000
		<b>1,146,473</b>	1,166,742
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		10,546	10,243
Other receivables, prepayments, deposits and other assets		521,769	567,280
Trade receivables	10	135,362	56,945
Financial assets at fair value through profit or loss		1,158,183	725,502
Term deposits		163,916	198,316
Restricted cash		159,376	58,391
Cash and cash equivalents		2,009,154	2,362,290
		<b>4,158,306</b>	3,978,967
<b>Total current assets</b>			
		<b>5,304,779</b>	5,145,709
<b>Total assets</b>			

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital		12,803	12,803
Other reserves		3,962,391	4,022,026
Accumulated profit		351,903	231,304
		<b>4,327,097</b>	4,266,133
<b>Non-controlling interests</b>		<b>30,532</b>	15,710
<b>Total equity</b>		<b>4,357,629</b>	4,281,843
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		4,815	8,700
Deferred tax liabilities		33,938	36,006
		<b>38,753</b>	44,706
<b>Current liabilities</b>			
Trade and notes payables	<i>11</i>	603,310	508,366
Other payables and accruals		157,330	162,475
Contract liabilities		114,546	93,041
Current income tax liabilities		19,307	35,368
Lease liabilities		11,496	17,502
Provisions		2,408	2,408
		<b>908,397</b>	819,160
<b>Total current liabilities</b>		<b>908,397</b>	819,160
<b>Total liabilities</b>		<b>947,150</b>	863,866
<b>Total equity and liabilities</b>		<b>5,304,779</b>	5,145,709

*The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.*



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 profit/ (deficits) RMB'000			
<b>Balance at 1 January 2023</b>	12,803	3,996,074	(155,225)	3,853,652	(1,210)	3,852,442
<b>Profit and other comprehensive income</b>						
Total profit and other comprehensive income	–	34,200	190,349	224,549	2,235	226,784
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	–	13,150	–	13,150	–	13,150
Shares repurchased	–	(530)	–	(530)	–	(530)
Capital injection from non-controlling interests	–	–	–	–	3,750	3,750
Acquisition of non-controlling interests in a subsidiary	–	(2,723)	–	(2,723)	1,723	(1,000)
<b>Total transactions with owners in their capacity as owners</b>	–	9,897	–	9,897	5,473	15,370
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>12,803</b>	<b>4,040,171</b>	<b>35,124</b>	<b>4,088,098</b>	<b>6,498</b>	<b>4,094,596</b>
<b>Balance at 1 January 2024</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>
<b>Profit and other comprehensive income</b>						
Total profit and other comprehensive income for the period	–	5,829	120,599	126,428	14,516	140,944
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	–	11,370	–	11,370	–	11,370
Cash dividends	–	(72,885)	–	(72,885)	–	(72,885)
Acquisition of non-controlling interests in subsidiaries	–	(3,949)	–	(3,949)	3,949	–
Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	(3,643)	(3,643)
<b>Total transactions with owners in their capacity as owners</b>	–	(65,464)	–	(65,464)	306	(65,158)
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>12,803</b>	<b>3,962,391</b>	<b>351,903</b>	<b>4,327,097</b>	<b>30,532</b>	<b>4,357,629</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 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**” 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, Uglund 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**”).

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2. BASIS OF PREPARATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed consolidated financial information for the half-year reporting period ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all types of notes normally included in the annual consolidated financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the Company’s annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period.

## 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax, the adoption of new and amended standards and the accounting policies adopted for acquisitions of cryptocurrencies as set out below.

### (a) **Income tax**

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

### (b) **New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current interim reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**(c) Impact of standards issued but not yet applied by the entity**

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

**(d) Accounting policies adopted for acquisitions of cryptocurrencies**

Cryptocurrencies purchased and held by the Group are accounted for as intangible assets under the cost model. The Group has ownership of and control over the cryptocurrencies held. The cryptocurrencies held by the Group are considered to have indefinite lives. They are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The accounting policies applied for impairment of cryptocurrencies are consistent with those for impairment of non-financial assets, as described in the annual financial statements for the year ended 31 December 2023. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period. The increased carrying amount of cryptocurrencies attributable to a reversal of impairment loss, which is recognized in profit or loss, will not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the cryptocurrencies in prior accounting periods.

**4. ESTIMATES**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**Accounting of cryptocurrencies**

IFRSs do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the interim condensed consolidated financial information, management needs to apply judgment in determining appropriate accounting policies based on the facts and circumstances of the Group's acquisition and holding of cryptocurrencies.

Given the Group's purpose for holding cryptocurrencies, management considered that cryptocurrencies purchased and held by the Group should be accounted for as indefinite-lived intangible assets accounted for under the cost model.

In determining the fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for the trading of cryptocurrencies and to consider accessibility to and activity within those markets in order to identify the principal cryptocurrency markets and thus ascertain the respective fair market values.

Save as disclosed above, in preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 5. REVENUE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Value-added service	2,601,174	2,314,679
Entertainment content service	642,749	472,199
Others	289,250	339,213
	<u>3,533,173</u>	<u>3,126,091</u>

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue recognised at a point in time	3,419,944	3,073,508
Revenue recognised over time	113,229	52,583
	<u>3,533,173</u>	<u>3,126,091</u>

## 6. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue sharing to streamers	1,458,817	1,366,849
Promotion and advertising expenses	1,259,338	940,119
Employee benefit expenses	296,385	330,010
Cost of goods sold	97,004	102,504
Amortization of intangible assets	61,599	21,037
Payment handling costs	61,007	46,035
Bandwidth and server custody costs	50,170	57,283
Technical support and professional service fees	39,710	38,083
Travelling, entertainment and general office expenses	27,496	25,489
Depreciation of right-of-use assets	11,991	11,952
Taxes and surcharges	7,411	6,106
Depreciation of property, plant and equipment	6,631	5,463
Outsourced development costs	4,026	4,436
Content costs	3,110	36,030
Expenses relating to short-term lease not included in lease liabilities	2,104	773
Expected credit loss (reversal)/allowance	(1,574)	4,571
Others	6,838	7,973
	<u>3,392,063</u>	<u>3,004,713</u>

**7. INCOME TAX EXPENSE**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax expense	(23,035)	(29,064)
Deferred income tax credit/(expense)	<u>2,221</u>	<u>(5,647)</u>
<b>Income tax expense</b>	<b><u>(20,814)</u></b>	<b><u>(34,711)</u></b>

**8. EARNINGS PER SHARE**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, excluding treasury shares.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Profit attributable to owners of the Company (RMB'000)	<b>120,599</b>	190,349
Weighted average number of ordinary shares in issue (thousand shares)	<u><b>1,858,163</b></u>	<u>1,841,205</u>
Basic earnings per share attributable to the shareholders of the Company (expressed in RMB per share)	<u><b>0.06</b></u>	<u>0.10</u>

**(b) Diluted earnings per share**

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

- the after-income tax effect of interest and other financing costs associated 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>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<u>120,599</u>	<u>190,349</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>1,858,163</b>	1,841,205
Add: Adjustment for restricted share units granted to employees ( <i>thousand shares</i> )	<u>13,649</u>	<u>16,429</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share ( <i>thousand shares</i> )	<u>1,871,812</u>	<u>1,857,634</u>
Diluted earnings per share attributable to the shareholders of the Company ( <i>expressed in RMB per share</i> )	<u><b>0.06</b></u>	<u>0.10</u>

**9. DIVIDENDS**

A final dividend in respect of the year ended 31 December 2023 of HKD0.0412 per share (year ended 31 December 2022: Nil) was proposed pursuant to a resolution passed by the board of directors of the Company on 26 March 2024 and was approved by the shareholders of the Company at the 2023 annual general meeting of the Company held on 13 June 2024. Such final dividend for the year ended 31 December 2023 amounted to approximately HKD79.9 million (equivalent to approximately RMB72.9 million) in aggregate (year ended 31 December 2022: Nil) were paid on 16 July 2024.

The board of directors of the Company resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## 10. TRADE RECEIVABLES

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

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
Trade receivables		
– Up to 3 months	<b>130,139</b>	56,950
– 3 to 6 months	<b>8,479</b>	879
– 6 months to 1 year	<b>1,025</b>	93
– Over 1 year	<b>1,186</b>	1,355
	<b>140,829</b>	59,277
Less: allowance for impairment of trade receivables	<b>(5,467)</b>	(2,332)
	<b>135,362</b>	56,945

As at 30 June 2024 and 31 December 2023, the carrying amount of trade receivables is primarily denominated in RMB and approximate to their fair values at each of the reporting dates.

## 11. TRADE AND NOTES PAYABLES

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
Trade payables	<b>501,441</b>	508,366
Notes payables	<b>101,869</b>	–
	<b>603,310</b>	508,366

An ageing analysis of the trade payables at the end of each reporting period based on invoice date is as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
– Up to 3 months	<b>351,425</b>	269,811
– 3 to 6 months	<b>14,967</b>	89,486
– 6 months to 1 year	<b>13,497</b>	9,693
– Over 1 year	<b>121,552</b>	139,376
	<b>501,441</b>	508,366

## 12. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in this interim results announcement, there are no material subsequent events undertaken by the Group after 30 June 2024 and up to the date of this interim results announcement.



## **OTHER INFORMATION**

### **PURCHASE, SALE OR 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 (including sale of treasury shares) during the Reporting Period. As of 30 June 2024, the Company holds 863,000 treasury shares.

### **EVENTS AFTER THE REPORTING PERIOD**

Except as disclosed elsewhere in this interim results announcement, there are no other material subsequent events undertaken by the Group after 30 June 2024 and up to the date of this interim results announcement.

### **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 of Hong Kong Limited (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 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 four independent non-executive Directors, and therefore has a fairly strong independent 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.

## **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.

## **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 interim 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 Interim Results of the Group for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with and that adequate disclosures have been made. The interim condensed consolidated financial information for the Reporting Period is unaudited but has been reviewed by the auditor of the Company in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

Save as disclosed in this interim results announcement, from 1 January 2024 to 30 June 2024, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.inkeverse.com](http://www.inkeverse.com)). The interim report of the Company for the Reporting Period will be dispatched to the shareholders of the Company and will be available on the website of The Stock Exchange of Hong Kong Limited and that of the Company, respectively, in due course.

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

Hong Kong, 30 August 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, Dr. LI Hui and Mr. CHEN Yong.*