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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)

CONNECTED TRANSACTION
ENTERING INTO SERIES A PREFERRED SHARE PURCHASE AGREEMENT

SERIES A PREFERRED SHARE PURCHASE AGREEMENT

On 20 August 2025 (after trading hours), Beijing Meelive (indirectly controlled by the Company pursuant to certain VIE structures) entered into the Series A Preferred Share Purchase Agreement with Skywork AI, pursuant to which, *inter alia*, Skywork AI conditionally agreed to issue to Beijing Meelive, and Beijing Meelive conditionally agreed to purchase from Skywork AI, 9,950,617 Series A Preferred Shares (representing approximately 0.67% of the issued share capital of Skywork AI as enlarged by the issuance of the Series A Preferred Shares) at an aggregate consideration of RMB100,000,000.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Kunlun Group Limited is a substantial shareholder of the Company, holding approximately 16.35% of the Company's equity interest, and is therefore a connected person of the Company. Skywork AI is a subsidiary of Kunlun Group Limited. As such, Skywork AI is an associate of Kunlun Group Limited and, therefore, also a connected person of the Company.

As the highest applicable percentage ratio calculated under the Listing Rules in respect of the Series A Preferred Share Purchase Agreement exceeds 0.1% but is less than 5%, the entering into of the Series A Preferred Share Purchase Agreement is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE SERIES A PREFERRED SHARE PURCHASE AGREEMENT

On 20 August 2025 (after trading hours), Beijing Meelive entered into the Series A Preferred Share Purchase Agreement with Skywork AI.

Date 20 August 2025

Parties (1) Skywork AI; and

(2) Beijing Meelive

Subject matter

Pursuant to the Series A Preferred Share Purchase Agreement, *inter alia*, Skywork AI conditionally agreed to issue to Beijing Meelive, and Beijing Meelive conditionally agreed to purchase from Skywork AI, 9,950,617 Series A Preferred Shares (representing approximately 0.67% of the issued share capital of Skywork AI as enlarged by the issuance of the Series A Preferred Shares) at an aggregate consideration of RMB100,000,000. The consideration was determined after arm's length negotiations among the parties, taking into account the valuation of the entire equity interest of Skywork AI of RMB15,014,700,000 as at 31 March 2025, according to the Valuation Report. Beijing Meelive does not hold any shares in Skywork AI as at the date of this announcement.

As Beijing Meelive has not obtained the ODI Approval, Beijing Meelive shall, upon signing of the Series A Preferred Share Purchase Agreement, deposit the consideration (the "**Deposit**") by wire transfer of immediately available funds in RMB to the designated account of Skywork AI's onshore subsidiary (the "**Onshore Subsidiary**"). Upon obtaining the ODI Approval, Skywork AI shall arrange for the repayment of the Deposit to Beijing Meelive (in one lump sum or installments) within six months.

Conditions precedent

Beijing Meelive's obligations to consummate the Closing are subject to the fulfillment of each of the following conditions, unless otherwise waived:

1. the representations and warranties of Skywork AI must be true and correct;

2. all authorizations, approvals, or permits, if any, of any third party, any governmental authority, or regulatory body of any jurisdiction that are required in connection with the lawful issuance and sale of the Series A Preferred Shares pursuant to the Series A Preferred Share Purchase Agreement must have been obtained and be effective as of the Closing;

3. the articles of association of Skywork AI must have been approved by the board of Skywork AI and adopted by the requisite shareholders of Skywork AI on or prior to the Closing and such articles of association must have become effective on or prior to the Closing;

4. Beijing Meelive must have become a party to the shareholders' agreement of Skywork AI by executing a joinder agreement or otherwise;

5. all corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident must be reasonably satisfactory in form and substance to Beijing Meelive, and Beijing Meelive must have received all such counterpart original and certificates or other copies of such documents as they may reasonably request;

6. Beijing Meelive must have obtained the ODI Approval;

7. the Onshore Subsidiary must have returned the Deposit to Beijing Meelive; and

8. at the Closing, Skywork AI must deliver to Beijing Meelive a certificate, dated the Closing date, certifying the fulfilment of all conditions precedent.

Skywork AI's obligations to consummate the Closing are subject to the fulfillment of each of the following conditions, unless otherwise waived:

1. the representations and warranties of Beijing Meelive shall be true and correct when made and true and correct as of the Closing date;

2. Beijing Meelive shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Series A Preferred Share Purchase Agreement that are required to be performed or complied with by it on or before the Closing date;

3. all authorizations, approvals or permits, if any, of any third party, any governmental authority or regulatory body of any jurisdiction that is required in connection with the lawful issuance and sale of the Series A Preferred Shares shall have been obtained and shall be effective as of the Closing;

4. Beijing Meelive shall have entered into the shareholders' agreement of Skywork AI on or before the Closing; and

5. Beijing Meelive must have obtained the ODI Approval and have provided the evidencing documents to Skywork AI following the completion of the ODI Approval.

Closing

Closing of the Series A Preferred Share Purchase Agreement shall take place no later than twenty (20) business days after the conditions precedent have been waived or satisfied, or at any other later time as Beijing Meelive and Skywork AI shall agree in writing.

At Closing, Beijing Meelive shall pay the consideration by wire transfer of immediately available funds in USD to an account designated by Skywork AI, and Skywork AI shall deliver to Beijing Meelive the updated register of members, and a copy of the duly executed share certificate in the name of Beijing Meelive, reflecting the issuance to Beijing Meelive of the Series A Preferred Shares.

VALUATION OF SKYWORK AI

The subject of the valuation is the market value of all the equity interests of the shareholders of Skywork AI as of 31 March 2025. Based on the valuation purpose, the entity, value type, relevant information provided by the entity, information collected through on-site inspection and other channels, and specific conditions of the entity, the market approach is used to value the entity.

The market approach compares the entity with comparable listed companies or comparable transaction cases to determine the value of the entity. Two specific methods commonly used in the market approach are the listed company comparison method and the transaction case comparison method.

Since the current capital market is fully developed and relatively active, and there are a sufficient number of comparable companies in the capital market that are the same or similar to the entity, it is possible to collect and obtain market information, financial information and other relevant information of comparable companies, and it can be ensured that the information is representative, reasonable and effective. In addition, it is difficult to collect transaction information such as recent market transaction prices and financial information of transaction cases, so the listed company comparison method is used for the valuation.

Inputs of the valuation

The calculation formula of the market approach is as follows:

Total equity value of shareholders = (value multiple corresponding to comparable enterprises × corresponding parameters of the reporting entity) × (1 + control premium) + net value of non-operating and redundant assets

Value multiple

An important step in market valuation is to analyze, determine, and calculate ratio multipliers. Value multiples usually include profit ratios, asset ratios, income ratios, and other specific ratios. When selecting, calculating, and applying value multiples, the following items are considered:

1. The selected value multiple is conducive to reasonably determining the value of the entity;

2. The data caliber and calculation method for calculating the value multiple are consistent; and

3. Reasonable adjustments are made for differences between comparable companies and the entity.

The valuer analyzed the industry characteristics of the entity as well as its business structure, operating model, operating scale, asset allocation and usage, operating stage, growth, operating risks, financial risks and other factors, and appropriately selected comparable companies for comparative analysis with the entity. Finally, they selected the value multiple related to the entity's development stage, namely: equity value/R&D expenses (P/R&D expenses).

Non-operating and redundant assets

Non-operating assets (liabilities) or redundant assets refer to assets and related liabilities that have no direct relationship with the operating income of the enterprise or are not included in the scope of market approach. Their value should be estimated separately when calculating the overall value of the entity.

Selecting comparable listed companies

First, the valuer determines the entity's industry classification and preliminarily screens all listed companies in the sector. Secondly, the valuer analyzes the basic conditions of the entity, mainly including enterprise type, establishment time, business structure, market distribution, business model, scale, business stage, growth, business risk, financial risk, etc. Finally, the valuer identifies three companies with the most similar situations to the entity. The selection criteria for comparable listed companies in the valuation are as follows:

(1) The comparable company belongs to the same or a similar industry as the entity and has the same or a similar main business; and

(2) The comparable companies are listed on the A-share market.

Following the stated criteria, three comparable companies are selected, namely: (1) iFLYTEK (002230.SZ), (2) 360 (601360.SH), and (3) Wondershare (300624.SZ). They are all in the industry of information transmission, software, and information technology services.

Discount for lack of marketability ("DLOM")

To estimate the DLOM, the analysis uses the difference between the initial public offering issuance price of new shares and their trading price once listed, as the issuance price does not reflect a true market price due to the absence of a trading mechanism. The valuer samples 152 artificial intelligence-related listed companies and calculated the average liquidity discount rate at various intervals after listing, ultimately determining a DLOM of 42.93%.

Additionally, when using comparable company analysis, adjustments are made to remove the effects of non-operating assets and liabilities from enterprise value calculations. These adjustments ensure that the value multiples used for comparison reflect only the core operating business.

Adjustment of non-operating factors

Based on the public financial statements of comparable companies from Tonghuashun (300033. SZ), the relevant financial information for the last twelve months as of the valuation date and the notes to financial statements on the valuation date are obtained. Adjustments are made to eliminate the impact of non-operating net assets on enterprise value prior to calculating each value multiple.

Choice of value multiple

The valuer analyzes the industry characteristics of the entity being appraised, as well as factors such as business structure, business model, business scale, asset allocation and use, business stage, growth, business risk, and financial risk, and appropriately selects comparable companies for comparative analysis with the entity being appraised. Finally, the valuer selects the value multiple related to the company's development stage, namely equity value/R&D expenses (P/R&D expenses).

Value multiple calculation

The value multiple is calculated based on the value multiple of the twelve months before the valuation benchmark date. The numerator of the value multiple is calculated based on the stock trading price of the comparable company on the valuation benchmark date, and the denominator is calculated based on the relevant financial data of the twelve months before the valuation benchmark date.

Value multiple normalization

Transaction Status Normalization: Transaction status normalization is used to correct the degree of influence of non-market factors on transactions. Since the transaction prices of listed companies are all normal market transaction prices open to the public under fully active market conditions, there is no need for transaction status normalization.

Transaction Date Normalization: As the transaction date of the comparable company is usually different from the valuation time point, it is necessary to adjust the price of the comparable company on its transaction date to the price at the valuation time point. After this adjustment, the price of the comparable company on its transaction date becomes the price at the valuation time point.

Normalization of R&D Status: Based on the data publicly disclosed by the reporting entity and comparable companies on the valuation date, the reporting entity and comparable companies are corrected on the same basis, and the R&D capability indicators are obtained. This valuation normalization system is based on the set indicator values, with the average value of the indicator values as the benchmark. The difference between the excellent value, good value, lower value, and poor value is given a weight difference of 20, and the indicator values of comparable listed companies and the entity are scored to determine the score of each indicator. Finally, the relevant indicators of the comparable companies are divided by the scores of the relevant indicators of the entity to obtain the preliminary normalization coefficients.

Modified Value Multiple: In order to avoid the bias caused by over-reliance on individual company data, the arithmetic mean method is used to calculate the modified ratio and obtain the following value multiple. The calculated average adjusted value multiple is 13.35.

Control premium

The valuation does not take into account the control premium.

Estimation of non-operating assets (liabilities) or surpluses

Non-operating assets (liabilities) or surpluses refer to assets and related liabilities that have no direct relationship with the operating income of the enterprise or are not included in the scope of the market approach. Their value should be estimated separately when calculating the overall value of the enterprise.

Assumptions

Preconditions and assumptions

1. It is assumed that the asset being valued is already in the process of a transaction, and the valuer simulates the market to determine value based on fair principles and the specific transaction conditions of the asset;

2. It is assumed that the asset is traded in a fully competitive and perfect market, where both parties have equal standing, access to sufficient information, and act voluntarily and rationally. The transaction price is determined by market mechanisms rather than individual negotiations or forced circumstances; and

3. It is assumed that the entity will continue its operations into the foreseeable future without interruption or termination.

General assumptions

1. It is assumed that there will be no significant changes in national or local laws, regulations, industry policies, or the macroeconomic environment compared to the valuation date, and that the political, economic, and social environments remain stable in the relevant regions;

2. It is assumed that fiscal and monetary policies, as well as interest rates, exchange rates, tax bases and rates, and policy-based levies, will not undergo significant changes in the regions where the entity operates; and

3. It is assumed that there will be no force majeure events or unforeseen factors that could significantly and adversely affect the continued operation of the entity.

Special conditions assumptions

1. It is assumed that the business scope and model of the entity will remain largely consistent with current practices, and that its future development will align with industry trends as of the valuation date;

2. The operators and management of the entity are assumed to be diligent, responsible, and capable of fulfilling their duties;

3. All information provided by the entity, including basic, financial, operational, and forecast data, is assumed to be true, accurate, complete, and fully disclosed;

4. The entity is assumed to be in full compliance with all relevant laws and regulations;

5. It is assumed that the entity will continue to secure necessary financing for research and development in the future;

6. The entity is assumed to have no significant pending claims, litigation, or contingent liabilities; and

7. It is assumed that the entity does not have any significant tax disputes.

INFORMATION OF THE PARTIES

Beijing Meelive

Beijing Meelive is primarily engaged in the operations of mobile live streaming platforms. Beijing Meelive is indirectly controlled by the Company pursuant to certain VIE structures. For further details of such VIE structures, please refer to the Company's annual report for the financial year ended 31 December 2024 published on 29 April 2025.

The Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability, and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the operations of mobile live streaming platforms in the PRC. Its business encompasses live social networking, short-form dramas, overseas operations, and other related sectors. The Group drives performance growth through a portfolio of matrix products and diversified business formats.

Other Parties

Skywork AI, a subsidiary of Kunlun Group Limited, is an investment holding company primarily engaged in the investments in artificial general intelligence and artificial intelligence-generated content business. The ultimate beneficial owner of Skywork AI is Mr. Zhou Yahui.

Set out below is the related financial information of Skywork AI for the years ended 31 December 2023 and 2024 according to its management accounts:

	For the year ended 31 December 2023 *(RMB)* (Audited)	**For the year ended 31 December 2024 *(RMB)* (Audited)**
Profit/(loss) before tax	95,207,252.66	**(1,281,544,367.30)**
Profit/(loss) after tax	56,154,841.59	**(1,283,937,996.99)**

As of 31 December 2024, the net assets of Skywork AI were RMB1,215,259,121.06 (audited).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERIES A PREFERRED SHARE PURCHASE AGREEMENT

Skywork AI is one of the few artificial intelligence technology companies, both domestically and globally, that has independently developed and achieved a full-modal layout in the field of artificial intelligence models, including text, speech, image, video, and music. It possesses strong technical advantages and extensive R&D experience. At the same time, under an application-oriented strategy, Skywork AI has launched a variety of artificial intelligence-native products for consumers worldwide, such as artificial intelligence searches, short dramas, games, music, and social platforms, with rapid progress in commercialization.

The Group continues to focus on exploring business opportunities in the social, entertainment, AI and Web3.0 sectors, and believes that artificial intelligence technology is reshaping the ways of working, product forms, business structures, and organizational boundaries in these fields, bringing important opportunities for new incremental business. Therefore, the Board believes that the transaction will strengthen cooperation with Skywork AI in the field of large artificial intelligence model technology and, by drawing on the Skywork AI's extensive experience in globalization and artificial intelligence product commercialization, will be of significant importance to the implementation of the Group's strategy.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Series A Preferred Share Purchase Agreement are determined through arm's length negotiation on normal commercial terms, and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Kunlun Group Limited is a substantial shareholder of the Company, holding approximately 16.35% of the Company's equity interest, and is therefore a connected person of the Company. Skywork AI is a subsidiary of Kunlun Group Limited. As such, Skywork AI is an associate of Kunlun Group Limited and, therefore, also a connected person of the Company.

As the highest applicable percentage ratio calculated under the Listing Rules in respect of the Series A Preferred Share Purchase Agreement exceeds 0.1% but is less than 5%, the entering into of the Series A Preferred Share Purchase Agreement is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Series A Preferred Share Purchase Agreement. As such, no Director abstained from voting on the Board resolution in relation to the Series A Preferred Share Purchase Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Meelive"	Beijing Meelive Network Technology Co., Ltd.* (北京蜜萊塢網絡科技有限公司), an operating company of the Group which is controlled by the Group through certain VIE structures
"Board"	the board of directors of the Company
"Closing"	the closing of the issuance by Skywork AI and the purchase by Beijing Meelive of the Series A Preferred Shares, pursuant to the terms of the Series A Preferred Share Purchase Agreement
"Company"	Inkeverse Group Limited (映宇宙集团有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"ODI Approval"	the Overseas Direct Investment approval and registration from the relevant Chinese governmental authorities required for Beijing Meelive to invest in Skywork AI
"PRC"	the People's Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"Series A Preferred Shares"	validly issued and fully paid series A preferred shares with par value of USD0.00002 per share in the share capital of Skywork AI
"Series A Preferred Share Purchase Agreement"	the agreement dated 20 August 2025 entered into by Beijing Meelive with Skywork AI in relation to the issuance of 9,950,617 Series A Preferred Shares by Skywork AI to Beijing Meelive
"Shareholder(s)"	shareholder(s) of the Company from time to time
"Skywork AI"	Skywork AI Inc., a company incorporated in the Cayman Islands with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"USD"	United States dollars, the lawful currency of the United States
"Valuation Report"	Valuation Report of 100% Shareholders' Equity of Skywork AI Inc. Involved in Beijing MeeLive Network Technology Co., Ltd.'s Proposed Investment (《北京蜜萊塢網路科技有限公司擬對外投資涉及的Skywork AI Inc.股東全部權益價值估值報告》) issued by Beijing KYSIN Assets Appraisal Co., Ltd* (北京坤元至誠資產評估有限公司)
"VIE"	variable interest entity
"%"	per cent

* *For identification purposes only*

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

Hong Kong, 20 August 2025

As at the date of this announcement, the executive Directors are Mr. FENG Yousheng and Mr. HOU Guangling; and the independent non-executive Directors are Mr. David CUI, Mr. CHEN Yong and Ms. ZHENG Congnan.