

(於開曼群島註冊成立的有限公司，並以「美圖之家」名稱於香港經營業務)  
(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as “美圖之家”)







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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Mr. WU Zeyuan (*Chairman of the Board*)  
(also known as: Mr. WU Xinhong)

### Non-Executive Directors

Dr. GUO Yihong  
Mr. CHEN Jiarong  
Mr. HONG Yupeng

### Independent Non-Executive Directors

Mr. ZHOU Hao  
Mr. LAI Xiaoling  
Ms. POON Philana Wai Yin (*appointed on June 5, 2024*)

## AUDIT COMMITTEE

Mr. ZHOU Hao (*Chairman*)  
Mr. LAI Xiaoling  
Mr. HONG Yupeng

## REMUNERATION COMMITTEE

Mr. LAI Xiaoling (*Chairman*)  
Mr. ZHOU Hao  
Ms. POON Philana Wai Yin (*appointed on June 5, 2024*)

## NOMINATION COMMITTEE

Mr. WU Zeyuan (*Chairman*)  
Mr. ZHOU Hao  
Ms. POON Philana Wai Yin (*appointed on June 5, 2024*)

## COMPANY SECRETARY

Mr. NGAN King Leung Gary

## AUTHORIZED REPRESENTATIVES

Mr. WU Zeyuan  
Mr. NGAN King Leung Gary

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## REGISTERED OFFICE

The offices of Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEADQUARTERS

Meitu Tower, Building 2.  
Meifeng Innovation Valley,  
No. 2557 Binhai West Avenue,  
Tong'an District Xiamen, Fujian,  
The People's Republic of China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 8106B, Level 81  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

## LEGAL ADVISORS

*As to Hong Kong law (in alphabetical order)*  
Skadden, Arps, Slate, Meagher & Flom  
Woo Kwan Lee & Lo

*As to PRC law (in alphabetical order)*  
Jingtian & Gongcheng

*As to Cayman Islands law (in alphabetical order)*  
Appleby  
Conyers Dill & Pearman

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### **HONG KONG SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### **PRINCIPAL BANKERS**

The Hong Kong and Shanghai Banking Corporation Limited  
China Merchants Bank (Offshore Banking)

### **STOCK CODE**

1357

### **COMPANY WEBSITE**

[www.meitu.com](http://www.meitu.com)





2024  
HIGHLIGHTS



meitu



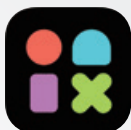
The total MAU of the applications under the Group was approximately 258 million as of June 30, 2024, growing 4.3% year-over-year. This represents an acceleration of growth compared with the 2.6% year-over-year growth as of December 31, 2023. Such growth is predominantly driven by MAU outside of Mainland China. Currently, the number of MAU in countries and regions outside of Mainland China accounts for approximately 32.9% of our total MAU base.



For the six months ended June 30, 2024, Adjusted Net Profit attributable to Owners of the Company reached approximately RMB272.8 million, growing 80.3% year-over-year. This metric is a true reflection of the growth momentum and profitability of our core business as it excludes non-operating items such as reversal of impairment losses on cryptocurrencies. Revenue growth of the Company for the six months ended June 30, 2024 was also very strong at approximately 28.6% year-over-year, reaching a revenue of approximately RMB1.62 billion.



More importantly, our AI-powered video editing app *Wink* saw its MAU grew close to approximately 99% year-over-year. Currently it is the third largest app within our portfolio after the *Meitu app* and *BeautyCam*. This is particularly meaningful as it has proved our ability to continuously launch successful products.



Our investment in AI has continued to pay off across multiple fronts. For example, our AI-powered 美圖設計室 (known as “*X-Design*” outside of Mainland China) has become the market leader in AI-powered design tools in Mainland China as measured by MAU.

# Key Financial and Operational Data

## KEY FINANCIAL DATA

	Six months ended June 30,		Year on year change (%)
	2024 RMB'000	2023 RMB'000	
Revenue	<b>1,621,159</b>	1,260,881	28.6%
– Photo, video and design products	<b>930,573</b>	602,190	54.5%
– Solutions for beauty industry	<b>270,574</b>	286,444	–5.5%
– Advertising	<b>412,914</b>	349,161	18.3%
– Others	<b>7,098</b>	23,086	–69.3%
Gross Profit	<b>1,052,613</b>	754,022	39.6%
Gross Margin	<b>64.9%</b>	59.8%	+5.1p.p.
Profit for the period	<b>303,721</b>	209,469	45.0%
Adjusted Net Profit attributable to Owners of the Company <sup>(1)</sup>	<b>272,800</b>	151,296	80.3%

## KEY OPERATIONAL DATA

	Six months ended June 30,		Year on year change (%)
	2024 '000	2023 '000	
Total MAU	<b>257,726</b>	247,061	4.3%
Breakdown by application use case:			
– Casual <sup>(2)(4)</sup>	<b>238,523</b>	233,541	2.1%
– Productivity <sup>(3)(5)(6)</sup>	<b>19,203</b>	13,520	42.0%
Breakdown by geography:			
– Mainland China	<b>172,995</b>	173,373	–0.2%
– Global (excluding Mainland China)	<b>84,731</b>	73,688	15.0%

<sup>(1)</sup> For details of Adjusted Net Profit attributable to Owners of the Company, please refer to the section headed “Management Discussion and Analysis – Profit for the period and Non-IFRSs Measure: Adjusted Net Profit”.

<sup>(2)</sup> The English translation of 「生活」 in this interim report was retranslated from “Life” to “Casual”, and refers to users from products focusing on casual use cases such as photography, image and video editing, etc.

<sup>(3)</sup> “Productivity” refers to users from products focusing on productivity use cases such as commercial photography, commercial design, professional video editing, etc.

<sup>(4)</sup> MAU under *BeautyCam* and *BeautyPlus* and certain MAU under the *Meitu app* and “Others” reported for the six months ended June 30, 2023 had been reclassified and included in “Casual” for the six months ended June 30, 2024.

<sup>(5)</sup> Certain MAU under “Others” reported for the six months ended June 30, 2023 had been reclassified and included in “Productivity” based on the product use cases for the six months ended June 30, 2024.

<sup>(6)</sup> Certain MAU under the *Meitu app* reported for the six months ended June 30, 2023, originated from an in-app embedded module called “X-Design”, which is associated with productivity use cases, and thus were included in “Productivity” for the six months ended June 30, 2024.

# Chairman's Statement

## STRATEGIC HIGHLIGHTS

We are pleased to report strong half-year results for the six months ended June 30, 2024 with Adjusted Net Profit attributable to Owners of the Company reaching approximately RMB272.8 million, reflecting a growth of approximately 80.3% year-over-year. Revenue was also very strong at approximately RMB1,621.2 million, growing approximately 28.6% year-over-year. Apart from our strong financial results, our MAU also continued its growth trajectory, reaching 258 million as of June 30, 2024. Its year-over-year growth of approximately 4.3% as of June 30, 2024 represents an acceleration of growth compared to approximately 2.6% as of December 31, 2023.

Such strong MAU growth in the first half of 2024 was primarily driven by our successful execution of our globalisation strategy. Some of our AI-powered features such as the "Quality Restoration" had propelled one of our apps, *Wink*, to reach the #1 positions with respect to MAU in the iOS App Store in both Thailand and Indonesia. MAU outside of Mainland China as of June 30, 2024 accounted for approximately 32.9% of our MAU base, compared to approximately 30% a year ago.

A product that we would like to highlight is *Wink*, an AI-powered video editing app that we launched in March 2022. As of June 30, 2024, it was still growing at approximately 99% year-over-year in terms of MAU, and has currently become the third largest app measured by MAU within our portfolio after the *Meitu app* and *BeautyCam*. Firstly, the exceptional performance of *Wink* has proven our ability to develop successful products in the photo, video and design market. Secondly, the MAU growth of *Wink* outside of Mainland China is significantly faster than that of its growth in Mainland China, showing that we have the ability to drive significant growth of both old and new products in the global market. As we believe that video as a form of media will become much more proliferate and strategic in the future for both social use among consumers, and professional use within the creator economy, we have also launched a number of video-focused apps both domestically and internationally to seize such growth opportunity.

In terms of productivity tools, we have also launched *X-Design* (known as "美圖設計室" in Mainland China) in the United States, Canada, Australia, United Kingdom and other countries.

The acquisition of Zcool Network Group Companies successfully completed during the first half of 2024. Both our team and the Zcool team are very excited about what could be achieved together. Within a short span of a few months, we have already launched a new online marketplace for freelance designing services. There has also been an increase in professional content and tutorials around our Generative AI ("GenAI") tools on the Zcool community, which is crucial in promoting the usage of our AI tools.

As we continue to invest in our product and AI capabilities, we anticipate that the growth in paying subscription rates will underpin our strong revenue growth for the remainder of the year.

## APPRECIATION

Finally, on behalf of everyone at Meitu, we would like to express our sincere gratitude to all our users. We would also like to thank all our employees and management team for demonstrating Meitu's core values in every day's work, and in executing the Group's strategy with professionalism, integrity, and dedication. We will strive to "let art and technology converge elegantly", helping our users to become more beautiful and assisting with the digital transformation of the beauty industry.



# Management Discussion and Analysis

## SIX MONTHS ENDED JUNE 30, 2024 COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
Revenue	1,621,159	1,260,881
Cost of sales	(568,546)	(506,859)
<b>Gross profit</b>	<b>1,052,613</b>	754,022
Selling and marketing expenses	(204,970)	(221,599)
Administrative expenses	(177,578)	(144,105)
Research and development expenses	(425,274)	(294,264)
Net impairment losses on financial assets	(2,633)	(8,314)
Reversal of impairment losses on cryptocurrencies	68,145	185,563
Other income	21,500	37,973
Other gains/(losses), net	1,448	(83,404)
Finance income, net	23,896	23,578
Shares of losses of investments accounted for using the equity method	(13,489)	(12,892)
<b>Profit before income tax</b>	<b>343,658</b>	236,558
Income tax expense	(39,937)	(27,089)
<b>Profit for the period</b>	<b>303,721</b>	209,469
<b>Profit/(Loss) attributable to:</b>		
– Owners of the Company	303,428	227,627
– Non-controlling interests	293	(18,158)
	<b>303,721</b>	209,469

## Management Discussion and Analysis

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
<b>Non-IFRSs measure:</b>		
Adjusted Net Profit/(Loss) attributable to		
– Owners of the Company <sup>(1)</sup>	272,800	151,296
– Non-controlling interests	978	(16,045)
	<b>273,778</b>	135,251

(1) For details of Adjusted Net Profit attributable to Owners of the Company, please refer to the section headed “Management Discussion and Analysis – Profit for the period and Non-IFRSs Measure: Adjusted Net Profit”.

### Revenue

Centering on the core strategies of “Productivity and Globalisation”, we focus on the photo and video industry to provide our numerous creators with a series of products and services. In respect of the photo and video products, we generate revenue mainly through offering subscription and in-app purchase. In addition, we also generate revenue through advertisements and marketing within photo and video applications. Meanwhile, we also engage in beauty industry services, which generates revenue through skin analysis services as well as Enterprise Resource Planning (“ERP”) solutions and cosmetic supply chain management services for cosmetic retail outlets. Therefore, our revenue can be categorized into (i) photo, video and design products; (ii) solutions for beauty industry; (iii) advertising; and (iv) others.

	<b>Six months ended June 30,</b>			
	2024		2023	
	Amount RMB'000	% of total revenues	Amount RMB'000	% of total revenues
Photo, video and design products	930,573	57.4%	602,190	47.8%
Solutions for beauty industry	270,574	16.7%	286,444	22.7%
Advertising	412,914	25.5%	349,161	27.7%
Others	7,098	0.4%	23,086	1.8%
<b>Total</b>	<b>1,621,159</b>	<b>100.0%</b>	1,260,881	100.0%

## Management Discussion and Analysis

The above table presents our revenue lines and each line as percentages of our total revenues for the periods presented. For the six months ended June 30, 2024, our total revenue increased by approximately 28.6% to approximately RMB1,621.2 million from approximately RMB1,260.9 million for the six months ended June 30, 2023. Such increase was primarily driven by the continued enhancement of product effectiveness through GenAI technology, which encouraged user payments. As a result, revenue from subscription-based photo, video and design products continued to grow rapidly.

### ***Photo, video and design products***

Our photo, video and design products business continued its strong growth trend. Revenue increased by approximately 54.5% year-on-year to approximately RMB930.6 million for the six months ended June 30, 2024 (six months ended June 30, 2023: revenue of approximately RMB602.2 million).

The growth logic of photo, video and design products has become very clear. The increase of paying subscription rate is the most critical growth metric for this business at the current stage. As of June 30, 2024, our apps had over 10.81 million paying subscribers, with a paying subscription rate of approximately 4.2%.

From a product perspective, the increase was mainly driven by products for casual use cases, such as the *Meitu app*, *Wink*, and *BeautyCam*. The increasing number of subscribers from these three applications together accounted for approximately 81% of the increase in total paying subscribers in the first half of the year. The *Meitu app*, *Wink*, and *BeautyCam* are our core products in the fields of image editing, video editing, as well as camera and photoshooting. These products contain numerous GenAI features that continuously provide users with creativity and boost product strength, thereby driving users to pay for subscription.

For example, focusing on the needs of both “Photo Retouch” and “Portrait Beautification” in the image editing field, the *Meitu app* continuously integrates GenAI technology in the app to iterate the effects of features (especially paying features) to attract users to pay. In terms of “Photo Retouch”, the recently launched “Clay” filter in AI Art has been widely favored by users. In terms of “Portrait Beautification”, GenAI features such as “Height and Reshape” performed outstandingly in driving conversion of subscriptions.

As we continue to invest in product and AI technology capabilities, we expect the growth in paying subscription rates will continue to support the strong momentum in future revenue growth.



## Management Discussion and Analysis

Notwithstanding the good performance of products for casual use cases in the first half of the year, in terms of productivity tools, we also focused on building productivity tools around the “AI workflows for vertical scenes in digital content creation” and made noticeable progress. As of June 30, 2024, 美圖設計室 (known as “X-Design” outside of Mainland China), which focuses on “AI workflow for e-commerce design”, had approximately 0.96 million paying subscribers (as of December 31, 2023: approximately 0.87 million) with product revenue growing by over approximately 152% year-on-year in the first half of this year, also contributing incremental revenue to photo, video and design products. In addition, Kaipai (開拍), which focuses on the “AI workflow for podcast videos production”, also performed well. Since its launch, Kaipai’s (開拍) users have created over 50 million pieces of content cumulatively.

On June 12, 2024, we held the third Meitu Multimedia Festival, releasing and upgrading six productivity tools, further expanding our photo and video product portfolios from “content creation tools” to “digital marketing analysis”. In the content creation field, besides upgrading our existing core productivity products, such as the team version of 美圖設計室 (known as “X-Design” outside of Mainland China) with new visual asset management functions, we also expanded into the video production field. In the digital marketing analysis field, we released a new product, QIMI, providing clients with a one-stop solution from material creation to placement, which is currently prioritized and applied in the game advertising industry.

At the beginning of this year, we completed the acquisition of the leading visual creative community Zcool in the People’s Republic of China (“PRC”), developing the ecosystem in the photo and video field. Currently, Zcool’s revenue mainly comes from the sale of commercial copyrighted materials. The attributes of the Zcool community are expected to enhance our photo, video and design products. For example, we can increase the exposure and usage of Meitu GenAI productivity tools among design and creativity community via GenAI education in Zcool, which will enhance usage in Meitu products and strengthen the brand image related to GenAI. Meanwhile, as a commercial copyright platform, Zcool HelloRF under Zcool can also enrich the material resources of Meitu’s productivity tools, such as 美圖設計室 (known as “X-Design” outside of Mainland China).

### **Solutions for beauty industry**

For the six months ended June 30, 2024, revenue from solutions for beauty industry decreased by 5.5% year-on-year to RMB270.6 million (six months ended June 30, 2023: revenue of RMB286.4 million). Given the performance of this business in the past year, we will be more cautious in our future revenue growth expectations for this business. However, as it is a non-strategic core business in its own right, coupled with a very low gross profit margin, it will not have a significant impact on the Group’s net profit even if it grows slowly in the future.

# Management Discussion and Analysis

Currently, a majority of the revenues of this business is generated from our solutions for beauty industry. With the market insight, we provide ERP services to over 10,000 offline cosmetic stores, overseeing business changes such as pricing, sales trend and inventory status of offline cosmetic stores. Based on this service, we have further developed our solutions for beauty industry to help our customers to optimize their cosmetic purchasing decisions.

We also provide AI skin analysis solutions for the beauty industry to skincare brands, medical aesthetic clinics and beauty salons under the brand *EveLab Insight* (and *MeituEve* within the PRC). Using our skin analyser hardware and related AI skin analysis software, our clients can effectively evaluate skin conditions of their customers, as well as recommend tailored skincare treatments and products for their users. This process will also help our clients to increase sales conversion as well as customer retention.

## **Advertising**

Our revenue from advertising increased by 18.3% year-on-year to RMB412.9 million for the six months ended June 30, 2024 (six months ended June 30, 2023: revenue of RMB349.2 million). Our advertising business continued its growth trend.

In terms of the type of advertisement, our programmatic advertisement performed particularly well, with a revenue growth rate of 45% year-on-year. We continuously optimize our programmatic advertising operations, such as increasing ad fill rates without significantly disturbing users, promoting rapid growth in advertising revenue.

Due to successful progress of globalisation of products in the first half of the year, global advertisement revenue (excluding Mainland China) increased by 129% year-on-year.

## **Others**

For the six months ended June 30, 2024, other revenue from the Group decreased by 69.3% year-on-year to RMB7.1 million (six months ended June 30, 2023: revenue of RMB23.1 million). Focusing on the core strategy of “Productivity and Globalisation”, our resource allocation has increasingly focused on photo, video and design products related businesses.

## **Cost of sales**

Our cost of sales increased to RMB568.5 million for the six months ended June 30, 2024, up 12.2% from RMB506.9 million for the six months ended June 30, 2023.

The expansion of our core business (photo, video and design products) has led to a 49.5% year-on-year increase in subscription-related channel sharing fees. Additionally, due to our product features, especially with the integration of more GenAI technology into paid subscription features, the use of these features by users will also drive up costs related to GenAI inference. In the first half of the year, our foundational cloud and GenAI inference-related costs increased by 35.2% year-on-year.

# Management Discussion and Analysis

## Gross Profit and Margin

Our gross profit for the six months ended June 30, 2024 was RMB1,052.6 million, a 39.6% increase from RMB754.0 million for the six months ended June 30, 2023. Our gross margin increased to 64.9% for the six months ended June 30, 2024, from 59.8% for the same period last year, due to the increased revenue from relatively high gross margin businesses, such as photo, video and design products and advertising businesses.

## Research and Development Expenses

Research and development expenses were approximately RMB425.3 million for the six months ended June 30, 2024, representing a 44.5% increase from approximately RMB294.3 million for the same period last year, mainly due to increased expenses related to GenAI training (such as arithmetic power expenses and expense for hiring employees on research and development).

## Selling and Marketing Expenses

Selling and marketing expenses were approximately RMB205.0 million for the six months ended June 30, 2024, representing a 7.5% decrease from approximately RMB221.6 million for the six months ended June 30, 2023, mainly due to a decrease in related selling and marketing staff costs and an increase in promotion expenses.

## Administrative Expenses

Administrative expenses were approximately RMB177.6 million for the six months ended June 30, 2024, representing a 23.2% increase from approximately RMB144.1 million for the same period last year, mainly due to increased staff costs.

## Reversal of Impairment Losses on Cryptocurrencies

As of June 30, 2024, the fair values of Ether and Bitcoin acquired by the Group determined based on the then prevailing market prices were approximately US\$105.21 million and US\$57.95 million, respectively. In accordance with the relevant accounting standards under IFRSs, the Group accounted for the acquired cryptocurrencies as intangible assets and adopted the cost model for the measurement.

Based on impairment tests by comparing the recoverable amounts of cryptocurrencies to their carrying amounts, a reversal of impairment losses on the acquired cryptocurrencies of approximately RMB68.1 million was recognized, which was the reversal of impairment losses in relation to the Bitcoin acquired by the Group.

Further details of the acquired cryptocurrencies are set out in the announcements of the Company dated March 7, 2021, March 17, 2021, April 8, 2021, July 6, 2021, July 1, 2022 and July 14, 2023.

## Other Income

Other income was RMB21.5 million for the six months ended June 30, 2024, down from RMB38.0 million for the six months ended June 30, 2023, mainly due to a decrease in subsidy.



# Management Discussion and Analysis

## Other Gains/(Losses), Net

Other gains, net were approximately RMB1.4 million for the six months ended June 30, 2024, compared to a net loss of approximately RMB83.4 million for the six months ended June 30, 2023, primarily attributable to (i) an increase of approximately RMB1.6 million in fair value of the Group's long-term investments (six months ended June 30, 2023: loss on fair value changes of approximately RMB42.7 million); (ii) a one-off remeasurement loss of approximately RMB41.0 million on consideration payable to non-controlling shareholders of a subsidiary for the six months ended June 30, 2023.

## Finance Income, Net

Finance income, net mainly comprised of bank interest income and foreign exchange gains. Our finance income, net increased by approximately 1.3% to approximately RMB23.9 million for the six months ended June 30, 2024, from approximately RMB23.6 million for the six months ended June 30, 2023, primarily due to the increase in bank interest income.

## Income Tax Expense

Income tax expenses for the six months ended June 30, 2024 were RMB39.9 million, compared to RMB27.1 million for the six months ended June 30, 2023, mainly attributable to the growing profitability driven by the continuous improvement in revenue from the Group's principal business.

## Profit for the Period and Non-IFRSs Measure: Adjusted Net Profit

Net profit for the six months ended June 30, 2024 rose to RMB303.7 million, compared to RMB209.5 million for the six months ended June 30, 2023, mainly due to the incremental profit contribution from the core business. Under the empowerment of GenAI technology, the strong growth momentum in the revenue of our photo, video and design products business, which have relatively high gross margins, contributed to the steady release of operating leverage.

To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use a non-IFRSs financial measure, "Adjusted Net Profit/(Loss)", as an additional financial measure, which is not required by, or presented in accordance with IFRSs. For the purpose of this interim report, "Adjusted Net Profit/(Loss)" will be used interchangeably with "Non-GAAP Net Profit/(Loss)". We believe that this additional financial measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to the Shareholders and others in understanding and evaluating our consolidated results of operations in a manner as if they were helping our management in doing so. However, our presentation of "Adjusted Net Profit/(Loss)" may not be comparable to a similarly titled measure presented by other companies. The use of such non-IFRSs measure has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

## Management Discussion and Analysis

Adjusted Net Profit attributable to Owners of the Company for the six months ended June 30, 2024 was RMB272.8 million, compared to RMB151.3 million for the six months ended June 30, 2023. This increase was primarily driven by the sustained release of operating leverage due to revenue growth in our high-margin core business of photo, video and design products powered by GenAI technologies. From the fourth quarter of 2019, we started to make a positive Adjusted Net Profit attributable to Owners of the Company for consecutive fiscal reporting periods.

The following table reconciles our adjusted net profit/(loss) for the six months ended June 30, 2024, and 2023 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

<i>(RMB'000, unless specified)</i>	Six months ended June 30,					
	2024			2023		
	Total	Owners of the Company	Non-controlling interests	Total	Owners of the Company	Non-controlling interests
Profit/(Loss) for the period	303,721	303,428	293	209,469	227,627	(18,158)
Excluding:						
Share-based compensation	33,636	33,636	-	32,983	31,555	1,428
Changes in fair value of long-term investments	(1,580)	(1,580)	-	44,789	44,789	-
Remeasurement losses on consideration to non-controlling shareholders of a subsidiary	-	-	-	40,970	40,970	-
Amortization of intangible assets and other expenses related to acquisition	4,482	3,675	807	2,200	1,394	806
Reversal of impairment losses on cryptocurrencies	(68,145)	(68,145)	-	(185,563)	(185,563)	-
Tax effects	(1,480)	(1,358)	(122)	(9,597)	(9,476)	(121)
Other one-off gains	3,144	3,144	-	-	-	-
Adjusted net profit/(loss) for the period	273,778	272,800	978	135,251	151,296	(16,045)

### Non-controlling Interests

Non-controlling interests represent our profit/(loss) after taxation that is attributable to minority shareholders of our non-wholly owned subsidiaries.

# Management Discussion and Analysis

## Liquidity, Financial Resources and Gearing

Our cash and other liquid financial resources as of June 30, 2024, and December 31, 2023 were as follows:

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
Cash and cash equivalents	<b>351,504</b>	640,629
Short-term bank deposits and current portion of long-term bank deposits	<b>770,759</b>	532,959
Long-term bank deposits	<b>40,000</b>	90,000
Short-term investments	<b>136,240</b>	140,850
Cash and other liquid financial resources	<b>1,298,503</b>	1,404,438

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Long-term bank deposits and short-term bank deposits are bank deposits with original maturities over three months and redeemable on maturity. Short-term investments are redeemable at any time and held with the primary objective of generating income at a yield higher than current bank deposit rates.

Most of our cash and cash equivalents, short-term bank deposits, long-term bank deposits and short-term investments are denominated in Renminbi, United States dollar and Hong Kong dollar.

## Treasury Policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position for the six months ended June 30, 2024. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.



## Management Discussion and Analysis

### Capital Expenditure

Our capital expenditures primarily included expenditures for refurbishment of our main office building and purchases of property and equipment such as servers and computers and intangible assets such as computer software.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Purchase of property and equipment	32,823	28,602
Purchase of intangible assets	5,537	242
Total	38,360	28,844

### Long-term Investment Activities

We have made minority investments that we believe have technologies or businesses that complement and benefit our businesses. Save as disclosed in the section headed "Significant Investments Held", none of these individual investments are regarded as material. Some of the investments we made were early-stage companies that do not generate meaningful revenues and profits. It is therefore difficult to determine the success of these investments at such an early stage, among which, successful investments could generate substantial returns, while unsuccessful ones may need to be impaired or written-off.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Investment in financial assets at fair value through profit or loss	157,530	5,000
Investment in associates	8,178	4,875
Investment in a joint venture	–	10,000
Total	165,708	19,875

# Management Discussion and Analysis

## Foreign Exchange Risk

Our Group's subsidiaries are primarily incorporated in the PRC and Hong Kong, which considered RMB and US\$ as their functional currencies, respectively. The Group is primarily exposed to foreign exchange risk arising from foreign currency transactions. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC and Hong Kong subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to business partners outside of Mainland China. We did not hedge against any fluctuation in foreign currency for the six months ended June 30, 2024 and 2023.

## Pledge of Assets

As of June 30, 2024, we pledged a restricted deposit of approximately RMB300,000 (as of December 31, 2023: approximately RMB300,000) to guarantee payment of certain operating expenses and pledged a term deposit of approximately RMB20,000,000 (as of December 31, 2023: nil) to guarantee a bank borrowing.

## Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities (as of December 31, 2023: nil).

## Borrowings and Gearing Ratio

As of June 30, 2024, we made bank borrowings of approximately RMB93.80 million at an annualized interest rate of 2.32% (as of December 31, 2023: approximately RMB14.98 million at an annualized interest rate of 3.77%). Therefore, the gearing ratio of the Group was 2.10% as of June 30, 2024 (as of December 31, 2023: 0.36%). The gearing ratio was calculated as the total borrowings divided by the total equity on the respective reporting date. For this purpose, total debt is defined as bank loan as shown in the consolidated balance sheet. The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

## Employee and Remuneration Policy

The Group had a total of 2,285 full-time employees as of June 30, 2024 (as of June 30, 2023: 2,212), a majority of whom were based in various cities in the PRC, including Xiamen (headquarter), Beijing, Shenzhen and Shanghai. Remuneration is determined with reference to market conditions and individual employees' performance, qualification and experience.

In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are the eligible participants of the Pre-IPO ESOP (which had expired and terminated on February 15, 2024), Post-IPO Share Option Scheme of the Company (which was terminated on June 5, 2024), Post-IPO Share Award Scheme of the Company, 2024 Share Award Scheme of the Company, the EveLab Insight Share Award Scheme and the Pixocial Holdings Share Option Scheme. During the six months ended June 30, 2024, the relationship between the Group and its employees has been stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

# Management Discussion and Analysis

## Guarantee Agreements

On September 19, 2024, (i) Meitu Networks, (ii) its subsidiaries, Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd. (睿晟天和(北京)傳媒科技有限公司) (“**Ruisheng Tianhe**”), and Xiamen Ruisheng Tianhe Media Technology Co., Ltd. (廈門睿晟天和傳媒科技有限公司) (“**Ruisheng Xiamen**”, together with Ruisheng Tianhe, the “**Ruisheng Companies**”), and (iii) Hainan Zitiao Commercial Factoring Co., Ltd. (海南字跳商業保理有限公司) (“**Hainan Zitiao**”), entered into a guarantee agreement (the “**Guarantee Agreement**”), pursuant to which, Meitu Networks (as guarantor) agreed to guarantee, on a joint and several basis, certain obligations of the Ruisheng Companies (as debtor) to Hainan Zitiao (as creditor) under a factoring business contract entered into between the Ruisheng Companies and Hainan Zitiao (the “**Factoring Contract**”).

The guarantee provided by Meitu Networks under the Guarantee Agreement covers all unpaid accounts receivable, penalty interest, and other payable amounts owed by the Ruisheng Companies under the Factoring Contract, together with default penalties, damages, handling fees, and other expenses that Ruisheng Companies are obligated to bear as agreed in the Guarantee Agreement, and the costs incurred by Hainan Zitiao in enforcing its guarantee rights and claims (including but not limited to litigation fees, enforcement fees, property preservation fees, lawyer fees, appraisal fees, auction fees, announcement fees, delivery fees, travel expenses, etc.), and all other reasonable expenses and amounts that Ruisheng Companies should pay to Hainan Zitiao pursuant to the Factoring Contract.

The period of guarantee for Meitu Networks is three (3) years after the date when the performance period for the obligations under the Factoring Contract expires.

The Guarantee Agreement has been duly approved by the board of directors and shareholders of Meitu Networks in accordance with its constitutional documents and applicable laws.

## Significant Investments Held

### *Investments in Cryptocurrency*

During the six months ended June 30, 2024, the Group had, pursuant to the Cryptocurrency Investment Plan, continued to hold approximately 31,000 units of Ether (the “**Acquired Ether**”) and approximately 940.4970 units of Bitcoin (the “**Acquired Bitcoin**”). The Acquired Ether and the Acquired Bitcoin were purchased at an aggregate cost of approximately US\$50.5 million and US\$49.5 million, respectively during the year of 2021. As of June 30, 2024, the fair values of the Acquired Ether and the Acquired Bitcoin determined based on the then prevailing market prices were approximately US\$105.21 million and US\$57.95 million, respectively, which represents approximately 11.71% and 6.45% of the Group’s total assets as at the same date, respectively.

The market prices of the Acquired Ether and Acquired Bitcoin as of June 30, 2024 were higher than the market prices as of December 31, 2023, and based on impairment tests by comparing the recoverable amounts of cryptocurrencies to their carrying amounts, a reversal of impairment losses on the acquired cryptocurrencies of approximately RMB68.1 million was recognized as at June 30, 2024, which was attributable to the reversal of impairment losses in relation to the Acquired Bitcoin.

## Management Discussion and Analysis

The Group's strategy in maintaining its investments in cryptocurrencies hinges on diversifying its treasury and capitalizing on the potential growth of blockchain technology and digital assets. The Board will continue to closely monitor the performance and market prices of the Acquired Ether and Acquired Bitcoin from time to time to reassess the investment strategy in response to the market conditions. The Group remains committed to a prudent investment approach that aligns with its financial goals and Shareholder interests.

Further details of the acquired cryptocurrencies are set out in the announcements of the Company dated March 7, 2021, March 17, 2021, April 8, 2021, July 6, 2021, July 1, 2022 and July 14, 2023.

### **Minority Investments**

Meitu Networks owns approximately RMB1.4 million registered capital of Shenzhen Hujia Technology Co., Ltd. (深圳市護家科技有限公司) ("**Hujia Technology**"), representing approximately 23.81% equity interest (with preferential rights) on a fully diluted basis in Hujia Technology, which is accounted for as hybrid financial instruments and designated as financial assets measured at fair value through profit or loss. Hujia Technology is a private company which principally operates in the skincare products business in the PRC, with business operations still in good condition during the six months ended June 30, 2024. Hujia Technology was originally a wholly-owned subsidiary of Shenzhen Hujia Biotechnology Co., Ltd. (深圳市護家生物科技有限公司) ("**Hujia Biotech**") in which Meitu Networks also holds approximately 28.21% equity interest in as of June 30, 2024 and which primarily focuses on the sale of personal hygiene products in the PRC. After the Group's investment in Hujia Biotech in 2018, such skincare products business was restructured to be conducted by Hujia Technology under a similar shareholding structure as Hujia Biotech. As of June 30, 2024, the businesses of Hujia Technology and Hujia Biotech continue to operate independently under separate holding structures, but the fair value of the Group's equity interests in Hujia Biotech does not exceed 5% or more of its total assets. Hence, the total acquisition cost of the aforementioned equity interest in Hujia Technology and Hujia Biotech was approximately RMB70.9 million in aggregate.

As of June 30, 2024, the Group continues to hold a total of approximately 23.81% equity interest (with preferential rights) in Hujia Technology. During the six months ended June 30, 2024, the Group did not receive any dividends from Hujia Technology.

The fair value of the Group's equity interests in Hujia Technology ("**Hujia Technology Equity Interests**") as at June 30, 2024 pursuant to a valuation report issued by a professional valuer on March 8, 2024 was approximately RMB698.1 million (equivalent to approximately 10.91% of the Group's total assets as at June 30, 2024).

As there is potential synergy between Hujia Technology and the Group's beauty SaaS business in the future, the Group believes that this investment is in line with the Group's investment strategy, and intends to continue to hold the Hujia Technology Equity Interests.

Further details of the investment are set out in the section headed "Significant Investments Held" in the 2022 annual report of the Company published on April 26, 2023.

Save as disclosed above, there were no other significant investments held by the Group during the six months ended June 30, 2024.

# Management Discussion and Analysis

## Future Plans for Material Investments and Capital Assets

The Group will continue to explore potential strategic investment opportunities with its existing internal resources and/or other sources of funding with the aim of creating synergies for the Group in relation to aspects such as technological development, product research and development, product portfolio, channel expansion and/or cost control. Appropriate disclosures will be made by the Company when it becomes necessary under the Listing Rules.

Save as disclosed in this interim report, the Group did not have any other plans for material investments and capital assets as of June 30, 2024.

## Material Acquisition and Disposal of Subsidiaries, Associates and/or Joint Ventures

On February 2, 2024, Meitu Investment (a wholly-owned subsidiary of the Company), the Zcool Vendors, the Zcool Founders, the Former Zcool Founders and the Zcool Network Group Companies entered into a sale and purchase agreement (the “**Zcool SPA**”), pursuant to which the Zcool Vendors have conditionally agreed to sell and Meitu Investment has conditionally agreed to purchase, (i) 119,158,806 ordinary shares (excluding the unissued ordinary shares of Zcool Network reserved for the purpose of incentive options to purchase securities in Zcool Network (“**Zcool Network Options**”) granted to certain Zcool Founders and employees of the Zcool Network Group Companies (“**Zcool ESOP Holders**”) pursuant to the employee share incentive plans adopted by the Zcool Network Group Companies prior to the date of the Zcool SPA (“**Zcool ESOP Plans**”)), (ii) 24,590,164 series A preferred shares, (iii) 9,836,066 series B preferred shares, (iv) 61,475,410 series B+ preferred shares, and (v) 18,442,623 series C preferred shares of Zcool Network, respectively (the “**Zcool Sale Shares**”), representing the entire issued share capital of Zcool Network (“**Zcool Acquisition**”), at an aggregate consideration of US\$39,640,495 (equivalent to approximately HK\$309,905,426), out of which US\$17,784,171 (equivalent to approximately HK\$139,034,870) were satisfied by allotment and issue of 52,992,166 new Shares at the issue price of US\$0.3356 per Share (equivalent to approximately HK\$2.6237) to certain Zcool Vendors and the remaining balance of approximately US\$21,856,324 (equivalent to approximately HK\$170,870,555) were paid in cash.

Pursuant to the Zcool SPA and as a result of the Zcool Acquisition, all Zcool Network Options granted to the Zcool ESOP Holders pursuant to the Zcool ESOP Plans were cancelled at completion of the Zcool Acquisition. In consideration of the cancellation of such Zcool Network Options, an aggregate amount of US\$2,142,518 (equivalent to approximately HK\$16,749,991) were payable to the Zcool ESOP Holders, out of which US\$803,394 (equivalent to approximately HK\$6,280,854) were settled by payment in cash to the Zcool ESOP Holders, and the remaining balance of approximately US\$1,339,124 (equivalent to approximately HK\$10,469,138) were satisfied by allotment and issuance of 3,990,232 new Shares to Meitu Trust (for the benefits of the Zcool ESOP Holders).

The Zcool Acquisition and the transactions under the Zcool SPA constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Zcool Acquisition took place on March 27, 2024 since which Zcool Network had become an indirect wholly-owned subsidiary of the Company and the financial results of the Zcool Network Group Companies had been consolidated into the Group’s financial statements. Further details on the Zcool SPA, the Zcool Acquisition and the completion of the Zcool Acquisition are set forth in the announcements of the Company dated February 2, 2024 and March 27, 2024, respectively.

Save as disclosed above, we did not conduct any other material acquisition or disposal of subsidiaries, associates and/or joint ventures during the six months ended June 30, 2024.



## Other Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and/or the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(2)</sup>
Mr. WU Zeyuan <sup>(1)</sup>	Beneficial owner/Beneficiary of trusts	575,496,670	12.69%
Mr. Chen Jiarong	Beneficial owner/Interest in a controlled corporation	16,353,500	0.36%

Notes:

- (1) The entire interest of Xinhong Capital is held by Easy Prestige Limited, which in turn is held by Lion Trust (Singapore) Limited as the trustee for the benefit of Mr. Wu.
- (2) The percentages are calculated on the basis of 4,535,096,084 Shares in issue as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and/or the Stock Exchange pursuant to the Model Code.

**SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As of June 30, 2024, the persons other than the Directors, whose interests have been disclosed in this interim report, had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(4)</sup>
Cai Wensheng <sup>(1)</sup>	Interest in a controlled corporation/ Beneficiary of a trust	1,068,100,000	23.55%
Easy Prestige Limited <sup>(2)</sup>	Interest in a controlled corporation	566,666,670	12.50%
Xinhong Capital <sup>(2)</sup>	Beneficial owner	566,666,670	12.50%
Longlink Limited <sup>(1)</sup>	Interest in a controlled corporation	620,000,000	13.67%
Longlink Capital <sup>(1)</sup>	Beneficial owner	620,000,000	13.67%
Lion Trust (Singapore) Limited <sup>(3)</sup>	Trustee of a discretionary trust	1,398,366,670	30.83%

Notes:

- (1) The entire interest of Longlink Capital is held by Longlink Limited, which is in turn held by Lion Trust (Singapore) Limited as the trustee for the benefit of Mr. Cai.
- (2) The entire interest of Xinhong Capital is held by Easy Prestige Limited, which in turn is held by Lion Trust (Singapore) Limited as the trustee for the benefit of Mr. Wu.
- (3) The entire interest of Easy Prestige Limited and Longlink Limited is held by Lion Trust (Singapore) Limited and is deemed to be interested in these Shares.
- (4) The percentages are calculated on the basis of 4,535,096,084 Shares in issue as of June 30, 2024.

Save as disclosed herein, as of June 30, 2024, no person, other than the Directors whose interests are set out in this interim report, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## Other Information

### SHARE SCHEMES

#### 1. Employee Share Option Plan

The Pre-IPO ESOP was approved and adopted by the Company on February 15, 2014 and amended by resolution of the Board on November 18, 2015.

The purpose of the Pre-IPO ESOP is to promote the success and enhance the value of the Company, by linking the personal interests of the members of the Board, employees, consultants and other individuals to those of the Shareholders and, by providing such individuals with an incentive for outstanding performance, to generate superior returns to the Shareholders. The Pre-IPO ESOP is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of recipients upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

The overall limit on the number of options granted pursuant to the Pre-IPO ESOP represents 116,959,070 underlying Shares, subject to any adjustments for share subdivision or other dilutive issuances.

As of June 30, 2024, outstanding options representing 12,435,144 underlying Shares were granted to eligible participants pursuant to the Pre-IPO ESOP. Details of the Pre-IPO ESOP are set out in Note 18(a) to the interim condensed consolidated financial information.

The Pre-IPO ESOP is valid and effective for a period of 10 years from February 15, 2014 and up to February 15, 2024. Since the Pre-IPO ESOP has expired on February 15, 2024, any options that are outstanding on the expiry date of the Pre-IPO ESOP shall remain in force according to the terms of the Pre-IPO ESOP and the relevant grant letters entered into with the grantees.

No further option is available for grant or could be granted under the Pre-IPO ESOP since the Listing.

## Other Information

### Details of Options Granted under the Pre-IPO ESOP

Name and/or Category of Participants	Date of Grant	Options Outstanding as of January 1, 2024	Options Granted During the six months	Exercise Period	Vesting Period	Exercise Price	Closing Price	Fair Value of	Options Exercised During the six months	Weighted	Options Cancelled During the six months	Options Lapsed During the six months	Options Outstanding as of June 30, 2024
							of Shares Immediately Before Date of Grant (For Options Granted During the six months)	Options as at the Date of Grant (For Options Granted During the six months)		Average Closing Price of the Shares Immediately Before the Date of Exercise (For Options Exercised During the six months)			
Employees (Excluding Directors and Chief Executive)	During 2016	891,274	-	10 Years from the Date of Grant	See Note (1)	US\$0.03	-	-	94,856	HK\$3.34	-	-	796,418
	During 2015	975,722	-	10 Years from the Date of Grant	See Note (1)	US\$0.03	-	-	320,000	HK\$3.23	-	-	655,722
	During 2014	9,227,004	-	10 Years from the Date of Grant	See Note (1)	US\$0.03	-	-	20,000	HK\$3.22	-	-	9,207,004
		11,094,000							434,856		-	-	10,659,144
Other Participant(s)	During 2014	1,776,000	-	10 Years from the Date of Grant	See Note (2)	US\$0.03	-	-	-	-	-	-	1,776,000
		1,776,000											1,776,000
<b>Total</b>		<b>12,870,000</b>							<b>434,856</b>		<b>-</b>	<b>-</b>	<b>12,435,144</b>

#### Notes:

- (1) The options granted shall vest according to the following schedule: (i) 25% of the options shall vest on the first anniversary from the date of grant; and (ii) the remaining 75% shall vest each month thereafter over a period of 36 months from the date of grant in 36 equal tranches.
- (2) The options granted were fully vested on August 1, 2016.

## Other Information

### 2. Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the Shareholders passed on November 25, 2016.

The purpose of the Post-IPO Share Option Scheme is to enable the Company to grant options to the eligible participants, which may include any employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate as the Directors determine, as an incentive or a reward for their contribution to the Group.

As of January 1, 2024 and June 30, 2024, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Option Scheme was 422,729,455 Shares, representing 9.44% and 9.32% of the issued share capital of the Company respectively.

As the Post-IPO Share Option Scheme was terminated pursuant to a resolution passed at the annual general meeting of the Company held on June 5, 2024, no further share options may be offered or are available for grant under the Post-IPO Share Option Scheme thereafter. Further details in respect of the termination of the Post-IPO Share Option Scheme are set out in the circular of the Company dated May 8, 2024 and the poll results announcement of the Company dated June 5, 2024.

### 3. Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was adopted pursuant to the written resolutions of the Shareholders passed on November 25, 2016.

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons, which may include any employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate as the Directors may determine, with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

As of June 30, 2024, 173,643,206 outstanding awarded Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme (excluding Shares granted which have been forfeited in accordance with the Post-IPO Share Award Scheme). The total number of Shares available for grant under the Post-IPO Share Award Scheme (excluding Shares granted which have been forfeited in accordance with the Post-IPO Share Award Scheme) as of January 1, 2024 and June 30, 2024 were 63,875,390 Shares and 37,721,521 Shares, representing 1.43% and 0.83% of the issued share capital of the Company respectively. Details of the Post-IPO Share Award Scheme are set out in Note 18(b) to the interim condensed consolidated financial information.

After the 2024 Share Award Scheme was adopted pursuant to a resolution passed at the annual general meeting of the Company held on June 5, 2024, the Post-IPO Share Award Scheme was not terminated by virtue of the adoption of the 2024 Share Award Scheme, but no further grants of Share awards will be made by the Company under the Post-IPO Share Award Scheme thereafter.



## Other Information

The Post-IPO Share Award Scheme will continue to remain in effect for a period of 10 years from its adoption date.

### Details of Share Awards Granted under the Post-IPO Share Award Scheme

Name and/or Category of Participants	Date of Grant	Unvested Awards Outstanding as of January 1, 2024	Awards Granted During the six months	Vesting Period	Purchase Price	Closing Price of Shares Immediately Before Date of Grant (For Awards Granted During the six months)	Fair Value per Awarded Share as at the Date of Grant (For Awards Granted During the six months) <sup>(1)</sup>	Awards Vested During the six months	Weighted Average Closing Price of the Shares Immediately Before the Date of Vesting (For Awards Vested During the six months)	Awards Cancelled During the six months	Awards Lapsed During the six months	Unvested Awards Outstanding as of June 30, 2024
<b>Directors and Chief Executive</b>												
WU Zeyuan	Apr 1, 2023	850,000	-	May 1, 2023 - Apr 1, 2024 <sup>(2)</sup>	Nil	-	-	850,000	HK\$2.95	-	-	-
		<b>850,000</b>	<b>-</b>					<b>850,000</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Employees (Excluding Directors and Chief Executive)</b>												
	Apr 1, 2024	-	14,945,294	Apr 1, 2025 - Apr 1, 2026 <sup>(3)</sup>	Nil	HK\$3.28	HK\$3.23	-	-	50,000	-	14,895,294
	Apr 1, 2024	-	10,135,785	Apr 1, 2025 - Apr 1, 2026 <sup>(3)</sup>	Nil	HK\$3.28	HK\$3.23	-	-	-	-	10,135,785
	Jan 1, 2024	-	68,850	Jan 1, 2025 - Jan 1, 2026 <sup>(3)</sup>	Nil	HK\$3.60	HK\$3.69	-	-	-	-	68,850
	Oct 1, 2023	1,229,542	-	Oct 1, 2024 - Oct 1, 2025 <sup>(3)</sup>	Nil	-	-	-	-	84,189	-	1,145,353
	Jul 1, 2023	200,434	-	Jul 1, 2024 - Jul 1, 2025 <sup>(3)</sup>	Nil	-	-	-	-	-	-	200,434
	Apr 1, 2023	1,985,228	-	May 1, 2023 - Apr 1, 2024 <sup>(4)</sup>	Nil	-	-	1,985,228	HK\$2.95	-	-	-
	Apr 1, 2023	11,355,495	-	Apr 1, 2024 - Apr 1, 2025 <sup>(3)</sup>	Nil	-	-	5,654,999	HK\$3.24	55,500	-	5,644,996
	Apr 1, 2023	5,100,000	-	Apr 1, 2024 - Apr 1, 2025 <sup>(3)</sup>	Nil	-	-	5,100,000	HK\$3.28	-	-	-
	Nov 1, 2022	111,300	-	Nov 1, 2023 - Nov 1, 2024 <sup>(3)</sup>	Nil	-	-	-	-	-	-	111,300
	Sep 1, 2022	187,600	-	Sep 1, 2023 - Sep 1, 2024 <sup>(3)</sup>	Nil	-	-	-	-	66,000	-	121,600
	May 1, 2022	91,062	-	May 1, 2023 - May 1, 2024 <sup>(3)</sup>	Nil	-	-	91,062	HK\$3.26	-	-	-
	Apr 1, 2022	5,319,767	-	Apr 1, 2023 - Apr 1, 2024 <sup>(3)</sup>	Nil	-	-	5,269,396	HK\$3.28	50,371	-	-
	Jan 1, 2022	111,405	-	Jan 1, 2023 - Jan 1, 2024 <sup>(3)</sup>	Nil	-	-	111,405	HK\$3.60	-	-	-
	During 2020	52,500	-	See Note (5)	Nil	-	-	52,500	HK\$3.60	-	-	-
		<b>25,744,333</b>	<b>25,149,929</b>					<b>18,264,590</b>		<b>306,060</b>	<b>-</b>	<b>32,323,612</b>
<b>Consultants</b>												
	Apr 1, 2024	-	1,310,000	Apr 1, 2025 - Apr 1, 2026 <sup>(3)</sup>	Nil	HK\$3.28	HK\$3.23	-	-	-	-	1,310,000
	Apr 1, 2023	471,601	-	Apr 1, 2024 - Apr 1, 2025 <sup>(3)</sup>	Nil	-	-	235,801	HK\$3.28	-	-	235,800
	Jan 1, 2022	931,611	-	See Note (3)	Nil	-	-	931,611	HK\$3.60	-	-	-
		<b>1,403,212</b>	<b>1,310,000</b>					<b>1,167,412</b>		<b>-</b>	<b>-</b>	<b>1,545,800</b>
<b>Total</b>		<b>27,997,545</b>	<b>26,459,929</b>					<b>20,282,002</b>		<b>306,060</b>	<b>-</b>	<b>33,869,412</b>

## Other Information

Notes:

- (1) The fair value of the awarded shares as of the date of grant was determined based on the market price of the Company's shares as at the respective grant dates in accordance with IFRS 2, further details of which are set out in Note 18(b) to the interim condensed consolidated financial information.
- (2) The share awards granted to Mr. Wu shall vest monthly in 12 equal tranches over a period of 12 months from the date of grant.
- (3) The share awards granted shall vest annually in 2 equal tranches on the first and second anniversary from the date of grant.
- (4) The share awards granted shall vest monthly in 12 equal tranches over a period of 12 months from the date of grant.
- (5) The share awards granted shall vest annually in 4 equal tranches on the first, second, third and fourth anniversary from the date of grant.
- (6) The share awards granted shall vest subject to the following conditions: (i) 40% of the share awards shall vest subject to the business unit's overall performance for the year (including but not limited to, the annual gross profit from operations, prevention in the decline of number of Android daily active users (DAU), increase in number of saved images from users, etc.); (ii) 30% of the share awards shall vest if the weighted average Share price for the year shall be HK\$3.80 or above; and (iii) 30% of the share awards shall vest subject to the approval and favourable performance appraisal by the Chief Executive Officer of the Group.

The total number of Shares that may be issued in respect of the options and share awards granted pursuant to the Pre-IPO ESOP and the Post-IPO Share Award Scheme during the six months ended June 30, 2024 is 46,304,556 Shares and constitutes approximately 1.03% after dividing it by the weighted average number of issued Shares for the six months ending June 30, 2024.

#### 4. 2024 Share Award Scheme

The 2024 Share Award Scheme was adopted pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on June 5, 2024.

The purpose of the 2024 Share Award Scheme is to replace the Post-IPO Share Award Scheme and align the interests of eligible persons, which may include any employee (whether full-time or part-time), director (including executive Directors, non-executive Directors and independent non-executive Directors), or service provider (being any person (including any entity) providing services to the Group on a continuing and recurring basis in the ordinary and usual course of business of the Group) of any member of the Group or any affiliate as the Directors may determine (and for this purpose shall include any trust, partnership, company, incorporated body or other form of legal entity ("**Eligible Vehicle**") of any of the aforesaid persons), with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

## Other Information

During the six months ended June 30, 2024, no outstanding awarded Shares had been granted or agreed to be granted under the 2024 Share Award Scheme. Therefore, the total number of Shares available for grant under the 2024 Share Award Scheme as of June 30, 2024 is 453,509,608 Shares, representing no more than approximately 10% of the total number of Shares as at the adoption date, out of which 45,350,960 Shares, representing no more than approximately 1% of the total number of Shares as at the adoption date, will be available for future grants to service providers within the scheme mandate limit. Details of the 2024 Share Award Scheme are set out in the circular of the Company dated May 8, 2024, the poll results announcement of the Company dated June 5, 2024 and Note 18(b) to the interim condensed consolidated financial information.

### 5. EveLab Insight Share Award Scheme

As disclosed in the Company's announcement dated July 30, 2021, in order to facilitate fundraising activities for the Smart Hardware Business, the Group transferred the Smart Hardware Business to a separate holding structure at the offshore and onshore levels, where EveLab Insight (a subsidiary of the Company) became the holding company of the Group's Smart Hardware Business.

On June 2, 2021, the board of directors of EveLab Insight (the "**EveLab Insight Board**") and its sole shareholder (namely, the Company) adopted the EveLab Insight Share Award Scheme under which 20% of EveLab Insight's shares (the "**EveLab Insight Shares**") has been reserved for granting to employees, consultants, and all other eligible participants of the Group who have contributed or will contribute to the Smart Hardware Business. Certain amendments to the rules of the EveLab Insight Share Award Scheme were approved by the EveLab Insight Board on September 30, 2021.

The purpose of the EveLab Insight Share Award Scheme is to align the interests of eligible persons, which may include any employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate as the EveLab Insight Board may determine, and for this purpose shall include any Eligible Vehicle which such individual or his/her family member is a beneficiary of or holds beneficial interest in, with those of the Group through ownership of the EveLab Insight Shares, dividends and other distributions paid on the EveLab Insight Shares and/or the increase in value of the EveLab Insight Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

As of June 30, 2024, a total of 45,000,000 EveLab Insight Shares had been granted or agreed to be granted under the EveLab Insight Share Award Scheme (excluding EveLab Insight Shares granted which have been forfeited in accordance with the EveLab Insight Share Award Scheme), representing approximately 9.00% of the issued share capital of EveLab Insight as of June 30, 2024.

EveLab Insight is neither a listed company nor a principal subsidiary of the Company under the definition of Chapter 17 of the Listing Rules, and therefore the EveLab Insight Share Award Scheme is not subject to disclosure obligations under Chapter 17 of the Listing Rules.

## Other Information

### 6. Pixocial Share Option Scheme

On December 1, 2023, the board of directors of Pixocial Holdings (the “**Pixocial Board**”) and its sole shareholder (namely, the Company) had adopted the Pixocial Share Option Scheme, pursuant to which 7,642,626 ordinary shares of Pixocial Holdings had been reserved for issuance to certain employees, directors and consultants of Pixocial Holdings and its subsidiaries.

The purpose of the Pixocial Share Option Scheme is to align the interests of eligible persons with those of Pixocial Holdings and its subsidiaries through ownership of ordinary shares of Pixocial Holdings (“**Pixocial Shares**”), dividends and other distributions paid on the Pixocial Shares and/or the increase in value of the Pixocial Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of Pixocial Holdings and its subsidiaries.

As of June 30, 2024, a total of 7,266,105 options had been granted or agreed to be granted under the Pixocial Share Option Scheme (excluding any options that were lapsed, forfeited or cancelled in accordance with the Pixocial Holdings Share Option Scheme), and therefore the total number of options available for grant under the Pixocial Share Option Scheme as at June 30, 2024 is 376,521.

Pixocial Holdings is neither a listed company nor a principal subsidiary of the Company under the definition of Chapter 17 of the Listing Rules, and therefore the Pixocial Share Option Scheme is not subject to disclosure obligations under Chapter 17 of the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures, to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

Except for code provision C.2.1 (“**Code Provision C.2.1**”) in Part 2 of the CG Code as set out in Appendix C1 to the Listing Rules, during the six months ended June 30, 2024, the Company has complied with the applicable code provisions of the CG Code for the time being in force.

Pursuant to the Code Provision C.2.1, it is stated that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Despite the deviation from the Code Provision C.2.1, the Board believes that Mr. Wu, the chairman, executive Director and chief executive officer of the Group, will continue to provide solid and continuous leadership to both the Board and the management of the Group with his extensive experience and knowledge in the management and operation of the Group. Further, the Board has also considered and is of the view that the composition of the executive Director, the non-executive Directors and the independent non-executive Directors on the Board and the various committees of the Board formed to oversee different aspects of the Company’s affairs would provide adequate safeguard to ensure a balance of power and authority. As such, the Board considers that the deviation from Code Provision C.2.1 is appropriate in the current situation.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended June 30, 2024 regarding their dealings in the securities of the Company.

The Board has also adopted the Model Code and established internal written guidelines pursuant thereto to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information in respect of securities in the Company as referred to in code provision C.1.3 in Part 2 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the six months ended June 30, 2024 after making reasonable enquiry.

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

During the six months ended June 30, 2024, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities.

### **USE OF NET PROCEEDS FROM LISTING**

The shares of the Company were listed on the Main Board of the Stock Exchange on December 15, 2016. The net proceeds from the Listing which amounted to approximately HK\$4,988 million have been fully utilised as of December 31, 2022 and there was no change in the intended use of net proceeds as previously disclosed in the prospectus of the company dated December 5, 2016. For further details on the use of net proceeds from Listing (including the breakdown of the same), please refer to the section headed "USE OF NET PROCEEDS FROM LISTING" in the 2022 annual report of the Company published on April 26, 2023.

### **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company established an Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee comprises three members, namely Mr. ZHOU Hao, Mr. LAI Xiaoling and Mr. HONG Yupeng. Mr. ZHOU Hao is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended June 30, 2024 and this interim report. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of the senior management and the Company's auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the Group's unaudited interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended June 30, 2024.



## Other Information

### **FOREIGN INVESTMENTS IN VALUE-ADDED TELECOMMUNICATIONS BUSINESSES IN THE PRC**

#### **Updates in Relation to the FITE Regulations**

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “**FITE Regulations**”), which were amended on September 10, 2008, February 6, 2016 and March 29, 2022, respectively. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including provision of Internet content services. In addition, prior to May 1, 2022, a major foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a good proven track record of business operations overseas (the “**Qualification Requirements**”). Under the latest amendments to the FITE Regulations which became effective on May 1, 2022, the foreign investors’ equity ownership in a company providing value-added telecommunications services in the PRC is still prohibited from exceeding 50%, unless otherwise provided in the PRC laws, regulations or rules. In addition, the latest FITE Regulations have abolished the Qualification Requirements such that it is no longer a pre-requisite for establishing foreign-invested value-added telecommunications enterprises in the PRC. Based on the Notice regarding the Strengthening of Ongoing and Post Supervision of Foreign Invested Telecommunication Enterprises issued by the MIIT in October 2020, foreign invested telecommunications enterprises are also no longer required to obtain the prior MIIT approval letter on foreign investment in telecommunications businesses. Nonetheless, these enterprises still need to submit the relevant materials to the MIIT to apply for telecommunications operating permits, and the other requirements provided by the FITE Regulations still apply. Essentially, the corresponding foreign investment will also be considered by the MIIT in its approval process for the telecommunications operating permits (the “**MIIT Approval Process**”). However, as of June 30, 2024, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation to clarify the MIIT Approval Process and in practice there are still uncertainties as to whether the local authority will accept and consider the application from a foreign-invested enterprise and whether foreign investors without a satisfactory proven track record and operational experiences in operating value-added telecommunications businesses may affect the approval result.

#### **Efforts and Actions Undertaken in Preparation of Application for Telecommunications Operating Permit**

Despite the lack of clear guidance and unpredictability of the MIIT Approval Process, as of June 30, 2024, we are still in the process of consulting with our PRC legal advisors to explore and determine the most viable way for the Company to hold Meitu Networks and its subsidiaries, and MeituEve Networks and its subsidiaries, directly through equity ownership. We will also consult with competent authorities on the feasibility and procedures for the foreign-invested enterprise to apply for the ICP License. As of June 30, 2024, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company currently gains effective control over, and receives all the economic benefits generated by the businesses currently operated by (i) Meitu Networks and its subsidiaries through the Contractual Arrangements between Meitu Home, the Company’s subsidiary in the PRC, on the one hand, and Meitu Networks and its respective shareholders, on the other hand, and (ii) MeituEve Networks and its subsidiaries through the MeituEve Contractual Arrangements between MeituEve Technology, the Company’s subsidiary in the PRC, on the one hand, and MeituEve Networks and its shareholder, on the other hand. The Contractual Arrangements and the MeituEve Contractual Arrangements allow the results of operations and assets and liabilities of (i) Meitu Networks and its subsidiaries, and (ii) MeituEve Networks and its subsidiaries, to be consolidated into our results of operations and assets and liabilities under IFRSs as if they were wholly-owned subsidiaries of our Group.

## Other Information

Further details of (i) the Contractual Arrangements are set out in the Prospectus, the Company's announcement dated March 17, 2021 and the Company's 2023 annual report published on April 25, 2024; and (ii) the MeituEve Contractual Arrangements are set out in the Company's announcement dated July 30, 2021 and the Company's 2023 annual report published on April 25, 2024.

### **CHANGE IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

1. Dr. LEE Kai-fu retired as a non-executive Director and a member of the Remuneration Committee effective immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024;
2. Ms. KUI Yingchun retired as an independent non-executive Director and a member of the Nomination Committee and Remuneration Committee effective immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024;
3. Mr. ZHOU Hao, a current independent non-executive Director was appointed as a member of the Remuneration Committee effective immediately after the conclusion of the Board meeting held on June 5, 2024 to fill the vacancy arising from Dr. LEE Kai-fu's retirement; and
4. Ms. POON Philana Wai Yin was appointed as an independent non-executive Director and a member of the Nomination Committee and Remuneration Committee effective immediately after the conclusion of the Board meeting held on June 5, 2024 to fill the vacancy arising from Ms. KUI Yingchun's retirement.

Further details of the above changes are set out in the poll results announcement of the Company dated June 5, 2024.

### **IMPORTANT EVENTS AFTER THE REPORTING DATE**

There were no important events affecting the Company which occurred after June 30, 2024 and up to the date of this interim report.

# Report on Review of Interim Financial Information

**To the Board of Directors of Meitu, Inc.**

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 80, which comprises the interim condensed consolidated balance sheet of Meitu, Inc. (the “Company”) and its subsidiaries (together, the “Group”) as of June 30, 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, August 28, 2024

# Interim Condensed Consolidated Income Statement

	Note	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
Revenue	5	1,621,159	1,260,881
Cost of sales	6	(568,546)	(506,859)
<b>Gross profit</b>		<b>1,052,613</b>	754,022
Selling and marketing expenses	6	(204,970)	(221,599)
Administrative expenses	6	(177,578)	(144,105)
Research and development expenses	6	(425,274)	(294,264)
Net impairment losses on financial assets		(2,633)	(8,314)
Reversal of impairment losses on cryptocurrencies	12	68,145	185,563
Other income		21,500	37,973
Other gains/(losses), net	7	1,448	(83,404)
Finance income, net		23,896	23,578
Share of losses of investments accounted for using the equity method	8(a)	(13,489)	(12,892)
<b>Profit before income tax</b>		<b>343,658</b>	236,558
Income tax expense	9	(39,937)	(27,089)
<b>Profit for the period</b>		<b>303,721</b>	209,469
<b>Profit/(loss) attributable to:</b>			
– Owners of the Company		303,428	227,627
– Non-controlling interests		293	(18,158)
		<b>303,721</b>	209,469
<b>Earnings per share for profit attributable to owners of the Company for the period (expressed in RMB per share)</b>	10		
– Basic		0.07	0.05
– Diluted		0.06	0.05

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

## Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
<b>Profit for the period</b>		<b>303,721</b>	209,469
<b>Other comprehensive (loss)/income, net of tax</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		2,285	12,002
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		5,004	33,465
Change in fair value of financial assets at fair value through other comprehensive income	17	(6,024)	(2,397)
<b>Other comprehensive income for the period, net of tax</b>		<b>1,265</b>	43,070
<b>Total comprehensive income for the period, net of tax</b>		<b>304,986</b>	252,539
<b>Total comprehensive income/(loss) attributable to:</b>			
– Owners of the Company		304,693	269,741
– Non-controlling interests		293	(17,202)
		<b>304,986</b>	252,539

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

# Interim Condensed Consolidated Balance Sheet

	Note	Unaudited June 30, 2024 RMB'000	Audited December 31, 2023 RMB'000
			(Restated) (Note 2)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	481,435	464,129
Right-of-use assets		63,731	75,513
Intangible assets	12	1,237,512	775,754
Long-term investments			
– Investments in associates and joint ventures	8(a)	117,908	122,306
– Financial assets at fair value through profit or loss	8(b)	1,557,377	1,404,424
– Financial assets at fair value through other comprehensive income	8(c)	31,226	36,730
Prepayments and other receivables	14	11,170	20,243
Deferred tax assets		13,058	9,291
Term deposits	15	40,000	90,000
		<b>3,553,417</b>	2,998,390
<b>Current assets</b>			
Inventories		42,103	53,838
Trade receivables	13	443,813	387,747
Prepayments and other receivables	14	951,419	919,635
Contract costs		151,528	92,838
Short-term investments	4.3	136,240	140,850
Term deposits	15	770,759	532,959
Restricted cash		300	300
Cash and cash equivalents		351,504	640,629
		<b>2,847,666</b>	2,768,796
<b>Total assets</b>		<b>6,401,083</b>	5,767,186



## Interim Condensed Consolidated Balance Sheet

	Note	Unaudited June 30, 2024 RMB'000	Audited December 31, 2023 RMB'000
			(Restated) (Note 2)
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Company			
Share capital	16	287	283
Share premium	16	7,104,222	7,093,781
Reserves	17	118,811	83,911
Accumulated losses		(2,765,690)	(3,069,118)
		4,457,630	4,108,857
<b>Non-controlling interests</b>		5,136	4,843
<b>Total equity</b>		4,462,766	4,113,700
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		35,332	45,346
Deferred tax liabilities		212,952	209,151
		248,284	254,497
<b>Current liabilities</b>			
Borrowings	21	93,804	14,980
Trade and other payables	19	689,893	735,209
Lease liabilities		26,978	29,955
Income tax liabilities		91,599	60,689
Contract liabilities		652,350	423,585
Convertible redeemable preferred shares	20	135,409	134,571
		1,690,033	1,398,989
<b>Total liabilities</b>		1,938,317	1,653,486
<b>Total equity and liabilities</b>		6,401,083	5,767,186

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

On behalf of the Board

\_\_\_\_\_  
Wu Zeyuan  
Director

\_\_\_\_\_  
Hong Yupeng  
Director

## Interim Condensed Consolidated Statement of Changes in Equity

	Note	Unaudited Attributable to owners of the Company				Total RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000			
<b>Balance as of January 1, 2024</b>		283	7,093,781	83,911	(3,069,118)	4,108,857	4,843	4,113,700
<b>Comprehensive income</b>								
Profit for the period		-	-	-	303,428	303,428	293	303,721
<b>Other comprehensive income/(loss)</b>								
Change in fair value of financial assets at fair value through other comprehensive income	8(c)	-	-	(6,024)	-	(6,024)	-	(6,024)
Currency translation differences	17	-	-	7,289	-	7,289	-	7,289
<b>Total comprehensive income for the six months ended June 30, 2024</b>		-	-	1,265	303,428	304,693	293	304,986
<b>Transactions with owners in their capacity as owners</b>								
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	26	4	159,175	-	-	159,179	-	159,179
Value of employee services:								
- Post-IPO Share Award Scheme	18(b)	-	-	27,935	-	27,935	-	27,935
- Share incentive to senior management of subsidiaries		-	-	459	-	459	-	459
- Share awards arising from a business combination	18(d)	-	-	5,241	-	5,241	-	5,241
Shares issued upon exercise of employee share options	16	*	93	-	-	93	-	93
Dividends	11	-	(148,827)	-	-	(148,827)	-	(148,827)
<b>Total transactions with owners in their capacity as owners</b>		4	10,441	33,635	-	44,080	-	44,080
<b>Balance as of June 30, 2024</b>		287	7,104,222	118,811	(2,765,690)	4,457,630	5,136	4,462,766

\* The amount is less than RMB1,000.

## Interim Condensed Consolidated Statement of Changes in Equity

	Note	Unaudited Attributable to owners of the Company				Total RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000			
<b>Balance as of January 1, 2023</b>		283	7,174,119	36,628	(3,441,407)	3,769,623	(60,109)	3,709,514
<b>Comprehensive income</b>								
Profit/(loss) for the period		-	-	-	227,627	227,627	(18,158)	209,469
<b>Other comprehensive income/(loss)</b>								
Change in fair value of financial assets at fair value through other								
comprehensive income	8(c)	-	-	(2,397)	-	(2,397)	-	(2,397)
Currency translation differences	17	-	-	44,511	-	44,511	956	45,467
<b>Total comprehensive income/(loss) for the six months ended June 30, 2023</b>		-	-	42,114	227,627	269,741	(17,202)	252,539
<b>Transactions with owners in their capacity as owners</b>								
Value of employee services:								
- Post-IPO Share Award Scheme	18(b)	-	-	29,503	-	29,503	-	29,503
- Share incentive to senior management of subsidiaries		-	-	3,481	-	3,481	-	3,481
Shares issued upon exercise of employee share options	16	*	814	-	-	814	-	814
Dividends	11	-	(81,395)	-	-	(81,395)	-	(81,395)
Acquisition of additional equity interests in non-wholly owned subsidiaries	17	-	-	39,470	-	39,470	(39,470)	-
<b>Total transactions with owners in their capacity as owners</b>		-	(80,581)	72,454	-	(8,127)	(39,470)	(47,597)
<b>Balance as of June 30, 2023</b>		283	7,093,538	151,196	(3,213,780)	4,031,237	(116,781)	3,914,456

\* The amount is less than RMB1,000.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		277,385	162,545
Interest received		1,527	1,508
Interest paid		(956)	(342)
Income tax paid		(11,983)	(19,085)
<b>Net cash generated from operating activities</b>		<b>265,973</b>	<b>144,626</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(28,360)	(33,242)
Purchase of intangible assets		(5,537)	(242)
Proceeds from disposal of property and equipment		464	–
Acquisition in associates in the form of ordinary shares and a joint venture		(8,178)	(14,875)
Acquisition in financial assets at fair value through profit or loss		(153,530)	(5,000)
Proceeds from disposal of financial assets at fair value through profit or loss	8(b)	2,000	44,871
Proceeds from/(purchase of) short-term investments, net		4,610	(15,391)
Investment income received from short-term investments and term bank deposits		28,429	9,817
Placement of term bank deposits		(546,782)	(489,079)
Receipt from maturity of term bank deposits		362,566	215,337
Prepayments for acquisition of equity investment		–	(12,368)
Loans to an associate		(3,000)	–
Payment for acquisition of a subsidiary, net of cash acquired	26(b)	(114,678)	–
<b>Net cash used in investing activities</b>		<b>(461,996)</b>	<b>(300,172)</b>

## Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowings		92,890	14,980
Repayment of short-term borrowings		(17,066)	(5,000)
Dividends paid to the Company's shareholders	11	(146,085)	(81,395)
Payments for acquisition of non-controlling interests in non-wholly owned subsidiaries		–	(56,245)
Payments for lease liabilities		(18,778)	(11,329)
Proceeds from shares issued under employee share option scheme		153	720
Transaction costs related to the issuance of convertible redeemable preferred shares from a subsidiary		(5,609)	–
<b>Net cash used in financing activities</b>		<b>(94,495)</b>	<b>(138,269)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		640,629	946,602
Effects of exchange rate changes on cash and cash equivalents		1,393	11,786
<b>Cash and cash equivalents at the end of the period</b>		<b>351,504</b>	<b>664,573</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

Meitu, Inc. (the “**Company**”), was incorporated in the Cayman Islands under the name of “Meitu, Inc. 美图公司” on July 25, 2013 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and carries on a business in Hong Kong as “美圖之家” as approved by and registered with the Registrar of Companies in Hong Kong on October 28, 2016 and November 7, 2016, respectively. The address of the Company’s registered office is the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, Xiamen Meitu Networks Technology Co., Ltd. (“**Meitu Networks**”) and Xiamen MeituEve Networks Services Co., Ltd. (“**MeituEve Networks**”) and their respective subsidiaries (collectively the “**Group**”) are principally engaged in the provision of photo, video and design products, solutions for beauty industry and advertising services in the People’s Republic of China (the “**PRC**”) and other countries or regions.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 15, 2016 by way of its initial public offering (“**IPO**”).

The interim condensed consolidated balance sheet as of June 30, 2024, and the related interim condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and selected explanatory notes (collectively defined as the “**Interim Financial Information**”) of the Group have been approved for issue by the Board of Directors (“**Board**”) on August 28, 2024.

The Interim Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2023, as described in those annual financial statements, except for the adoption of new and amended IFRS Accounting Standards effective for the financial period beginning on January 1, 2024.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.



# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION (CONTINUED)

- (a) The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2024:

Amendments to IAS 1 (Note (i))	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Leases liability in a sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

- (i) As a result of the adoption of the amendments to IAS 1 – Classification of Liabilities as Current or Non-current, the Group changed its accounting policy for the classification of convertible redeemable preferred shares as below:

Convertible redeemable preferred shares are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments to IAS 1 has also clarified what IAS 1 aims to mean when it refers to 'settlement' of a liability. Under the amendments to IAS 1, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an 'equity instrument'. However, conversion options that are classified as a 'liability' must be considered when determining the current/non-current classification of a convertible instrument. In the past, such conversion options, whether classified as an equity instrument or liability, did not affect the current/non-current classification of its host liability. The adoption of the amendments to IAS 1 has resulted in a change in the Group's accounting policy on current/non-current classification of convertible instruments and the impact of which is summarised below.

On October 12, 2023, a wholly owned subsidiary of the Company, Pixocial Holdings Ltd ("Pixocial"), entered into a share subscription agreement with certain third party investors to issue 17,043,417 shares of Series A redeemable convertible preferred shares ("Series A preferred shares") and the fair value of RMB134,571,000 was classified as a non-current liability as of December 31, 2023. The conversion option does not meet the definition of an equity instrument and can be exercised at holder's discretion at any time. Due to the abovementioned change in the Group's accounting policy, the convertible redeemable preferred shares has been reclassified as a current liability retrospectively by restating the balances as of December 31, 2023 as follows:

# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION (CONTINUED)

	As previously reported RMB'000	Effect of change in accounting policy RMB'000	As restated RMB'000
As of 31 December 2023			
Convertible redeemable preferred shares – current	–	134,571	134,571
Convertible redeemable preferred shares – non-current	134,571	(134,571)	–

This change in accounting policy does not have any impact to Group's profit or earnings per share for the six months ended June 30, 2024.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretation.

- (b) The following new standards, amendments, improvement and interpretation have been issued but are not effective for the financial year beginning January 1, 2024 and have not been early adopted:

New standards, amendments, improvement and interpretation		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

# Notes to the Interim Condensed Consolidated Financial Information

## 3 ESTIMATES

The preparation of the Interim 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 expense. Actual results may differ from these estimates.

In preparing the Interim 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 December 31, 2023.

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2023.

There have been no changes in the risk management policies since year end.

### 4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

### 4.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as of June 30, 2024 by level of the inputs to valuation methodologies used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 4.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as of June 30, 2024 and December 31, 2023.

As of June 30, 2024	Unaudited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Long-term investments				
– Financial assets at fair value through profit or loss (Note 8(b))	–	–	1,557,377	1,557,377
– Financial assets at fair value through other comprehensive income (Note 8(c))	20,711	–	10,515	31,226
Short-term investments	–	–	136,240	136,240
	20,711	–	1,704,132	1,724,843
<b>Liabilities:</b>				
Convertible redeemable preferred shares	–	–	135,409	135,409

As of December 31, 2023	Audited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Long-term investments				
– Financial assets at fair value through profit or loss (Note 8(b))	–	–	1,404,424	1,404,424
– Financial assets at fair value through other comprehensive income (Note 8(c))	26,280	–	10,450	36,730
Short-term investments	–	–	140,850	140,850
	26,280	–	1,555,724	1,582,004
<b>Liabilities:</b>				
Convertible redeemable preferred shares	–	–	134,571	134,571

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 4.3 Fair value estimation (Continued)

#### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation methodologies which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is or are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation methodologies used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- other methodologies, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk. The Group did not change any valuation techniques in determining the level 2 and level 3 fair values.

#### (c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments.

Level 3 instruments of the Group's assets and liabilities mainly include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, short-term investments and convertible redeemable preferred shares.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 4.3 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 instruments for the six months ended June 30, 2024.

	Unaudited				
	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Short-term investments RMB'000	Convertible redeemable preferred shares RMB'000	Total RMB'000
Opening balance as of					
December 31, 2023	1,404,424	10,450	140,850	134,571	1,690,295
Additions	157,530	–	334,390	–	491,920
Changes in fair value (Note 7)	1,611	–	3,848	–	5,459
Transfer to investment in associates	(5,000)	–	–	–	(5,000)
Disposals	(2,000)	–	(342,989)	–	(344,989)
Currency translation differences	812	65	141	838	1,856
Closing balance as of June 30, 2024	1,557,377	10,515	136,240	135,409	1,839,541
Total unrealized gains and change in fair value for the period included in “other gains, net”	(389)	–	427	–	38

The Group has appointed a team of professional personnel who have valuation experience to manage the evaluation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included investments in private companies (Note 8), short-term investments and convertible redeemable preferred shares. As the investments in private companies, short-term investments and convertible redeemable preferred shares are not traded in an active market, their fair value has been determined using various applicable valuation methodologies, including equity allocation model with market approach, and discounted cash flow method. These valuation approaches require significant judgements, assumptions and inputs, including terminal growth rate, estimate of weighted average cost of capital (“WACC”), marketability discount, enterprise value-to-sales ratio, expected return rate, historical financial results, recent market transactions (such as recent fund-raising transaction undertaken by the investees) and other exposure etc.



# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 4.3 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

Except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and short-term investments, the carrying amounts of financial assets including cash and cash equivalents, term deposits, restricted cash, trade receivables, other receivables; and except for the convertible redeemable preferred shares, financial liabilities including trade and other payables, borrowings and lease liabilities, approximate their respective fair values due to their short maturity at the reporting date.

The quantitative information about fair value measurements using significant unobservable inputs (Level 3) is presented as follows:

Description	Fair value as of		Unobservable inputs	Range of inputs
	June 30, 2024	RMB'000		
Financial assets at fair value through profit or loss (Note8(b))	1,557,377		Terminal growth rate	2.2%
			WACC	23.0%-27.0%
			Marketability discount	20.0%-31.0%
			Enterprise value-to-sales ratio	1.8-3.6
Financial assets at fair value through other comprehensive income (Note 8(c))	10,515		Terminal growth rate	2.4%
			WACC	18.0%
Short-term investments	136,240		Expected return rate	1.8%-3.0%

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 4.3 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

##### (i) Financial assets at fair value through profit or loss

As of June 30, 2024, if the terminal growth rate, WACC, marketability discount, and enterprise value-to-sales ratio shifted upward and downward by 5%, respectively, the impact on the fair value would be RMB124,000 higher/RMB123,000 lower, RMB3,040,000 lower/RMB3,280,000 higher, RMB11,677,000 lower/RMB11,674,000 higher and RMB36,633,000 higher/RMB36,690,000 lower, respectively.

The lower the terminal growth rate, the higher the WACC, the higher the marketability discount and lower the enterprise value-to-sales ratio, the lower the fair value.

##### (ii) Financial assets at fair value through other comprehensive income

The lower the terminal growth rate and the higher the WACC, the lower the fair value. The sensitivity of the terminal growth rate and the WACC is immaterial for the fair value of financial assets at fair value through other comprehensive income.

##### (iii) Short-term investments

The higher the expected return rate, the lower the fair value. The sensitivity of expected return rate is immaterial for the fair value of short-term investments.

## 5 REVENUE AND SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The role of CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive director of the Company who makes strategic decisions. The Group does not distinguish between markets or segments for the purpose of internal reporting. As of June 30, 2024, the total non-current assets other than financial instruments and deferred tax assets located in the PRC and other countries or regions amounted to RMB828,022,000 (December 31, 2023: RMB686,934,000) and RMB965,826,000 (December 31, 2023: RMB648,706,000), respectively.

## Notes to the Interim Condensed Consolidated Financial Information

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The results of the revenue for the six months ended June 30, 2024 and 2023 are as follows:

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
Photo, video and design products	930,573	602,190
Solutions for beauty industry (Note (i))	270,574	286,444
Advertising	412,914	349,161
Others	7,098	23,086
<b>Total revenue</b>	<b>1,621,159</b>	1,260,881

(i) Solutions for beauty industry was mainly generated from sales of cosmetic and smart hardware products amounting to RMB258,559,000 during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB273,914,000).

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
<b>Timing of revenue recognition</b>		
Over time	1,288,782	902,283
At a point in time	332,377	358,598
	<b>1,621,159</b>	1,260,881

No revenue from any customer exceeded 10% or more of the Group's revenue for the six months ended June 30, 2024 and 2023.

## Notes to the Interim Condensed Consolidated Financial Information

### 6 EXPENSES BY NATURE

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
Employee benefit expenses	529,832	468,655
Inventories consumed and recognized as cost of sales	243,570	260,650
Revenue sharing fee to payment channels	193,578	128,044
Promotion and advertising expenses	114,861	101,413
Bandwidth and storage related costs	153,420	71,409
Depreciation of property and equipment and right-of-use assets	31,547	20,986
Tax and levies	11,464	16,941
Travelling and entertainment expenses	10,826	10,935
Amortization of intangible assets (Note 12)	6,566	3,779
Others	80,704	84,015
Total cost of sales, selling and marketing expenses, administrative expenses and research and development expenses	<b>1,376,368</b>	1,166,827

## Notes to the Interim Condensed Consolidated Financial Information

### 7 OTHER GAINS/(LOSSES), NET

	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
Fair value changes on financial assets at fair value through profit or loss (Note 8(b))	1,611	(42,651)
Gains on short-term investments	3,848	3,451
Remeasurement losses on consideration to non-controlling shareholders of a subsidiary	–	(40,970)
Others	(4,011)	(3,234)
	<b>1,448</b>	<b>(83,404)</b>

### 8(a) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
At the beginning of the period	122,306	123,733
Addition	8,178	14,875
Converted from investment in financial assets at fair value through profit or loss	5,000	–
Share of losses of the associates and joint ventures	(13,489)	(12,892)
Impairment charges	(4,444)	–
Currency translation differences	357	1,523
At the end of the period	<b>117,908</b>	<b>127,239</b>

## Notes to the Interim Condensed Consolidated Financial Information

### 8(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
At the beginning of the period	1,404,424	1,195,064
Additions	157,530	5,000
Changes in fair value (Note 7)	1,611	(42,651)
Transfer to investment in associates	(5,000)	–
Disposals	(2,000)	(44,871)
Currency translation differences	812	518
At the end of the period	<b>1,557,377</b>	1,113,060

The Group made investments in redeemable convertible preferred shares and ordinary shares with preferred rights (collectively as “**preferred shares**”) of certain private companies, and these investments held by the Company contain certain embedded derivatives. Additionally, in connection with certain investments in the preferred shares, the Group also holds board seats in certain investees, in which it can participate in the investees’ financial and operating activities. These investee companies are accounted for as associates of the Group. After an assessment performed on the Group’s business model adopted for managing financial assets and a test on whether the contractual cash flows represent solely payment of principal and interest (“**SPPI**”), the Group recognized these investments as financial assets at fair value through profit or loss.

The Group performs assessment on the fair value of these financial assets periodically. Management reviews the investees’ financial/operating performances and forecasts, and applies the appropriate valuation techniques, where applicable, in order to determine their respective fair values. During the six months ended June 30, 2024, change in fair value amounting to RMB1,611,000 was recognized as other gains in the consolidated income statement (Note 7).



## Notes to the Interim Condensed Consolidated Financial Information

### 8(c) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
At the beginning of the period	36,730	36,181
Additions	267	–
Changes in fair value	(6,024)	(2,397)
Currency translation differences	253	1,219
	<b>31,226</b>	<b>35,003</b>

The Group made investments in some ordinary shares of a private company and a listed company, and these investments are not held for trading. The Group has made an irrevocable election at the time of initial recognition of these instruments to account them as equity investments at fair value through other comprehensive income.

During the six months ended June 30, 2024, change in fair value amounting to RMB6,024,000 was recognized as other comprehensive loss in the consolidated balance sheet (Note 17).

### 9 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended June 30, 2024 and 2023 are analyzed as follows:

	Unaudited Six months ended June 30, 2024 RMB'000	Unaudited Six months ended June 30, 2023 RMB'000
Current income tax	42,892	37,867
Deferred income tax	(2,955)	(10,778)
	<b>39,937</b>	<b>27,089</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 9 INCOME TAX EXPENSE (CONTINUED)

### (i) Cayman Islands and BVI Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of the British Virgin Islands (the “**BVI**”) are exempted from BVI income taxes.

### (ii) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax under the two-tiered profits tax regime, which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess. However, for two or more connected entities, only one of them may elect the two-tiered profits tax rates.

### (iii) Corporate income tax in other countries

Income tax rates for subsidiaries in other jurisdictions, including the United States, Japan, Australia, France and Singapore were ranging from 17% to 30%. No provision for profits tax has been made as the Group did not have any assessable profits subject to these jurisdictions for the period.

### (iv) PRC Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% on the assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

Meitu Home and Beijing Zcool Network Technology Co., Ltd. have been qualified as an “High and New Technology Enterprise” (“**HNTE**”) under the EIT Law and was entitled to a preferential income tax rate of 15% for the six months ended June 30, 2024.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“**Super Deduction**”).

## Notes to the Interim Condensed Consolidated Financial Information

### 10 EARNINGS PER SHARE

#### (a) Basic

	<b>Unaudited Six months ended June 30, 2024</b>	Unaudited Six months ended June 30, 2023
Earnings attributable to owners of the Company for the calculation of basic EPS (RMB'000)	<b>303,428</b>	227,627
Weighted average number of ordinary shares in issue (thousand)	<b>4,468,204</b>	4,405,516
Basic earnings per share (in RMB/share)	<b>0.07</b>	0.05

#### (b) Diluted

The shares options awarded under Pre-IPO ESOP (Note 18), awarded shares under the Post-IPO Share Award Scheme (Note 18), awarded shares under Share Incentive to Senior Management of Subsidiaries, awarded shares arising from a business combination (Note 18) and convertible redeemable preferred shares have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options, awarded shares granted by the Company and convertible redeemable preferred shares (collectively forming the denominator for computing the diluted EPS).

## Notes to the Interim Condensed Consolidated Financial Information

### 10 EARNINGS PER SHARE (CONTINUED)

#### (b) Diluted (Continued)

The calculation of diluted EPS for the six months ended June 30, 2024 and 2023 are as follows:

	<b>Unaudited Six months ended June 30, 2024</b>	Unaudited Six months ended June 30, 2023
Earnings attributable to owners of the Company for the calculation of basic EPS (RMB'000)	<b>303,428</b>	227,627
Dilution effect arising from convertible redeemable preferred shares issued by a subsidiary	<b>(15,660)</b>	–
Earnings attributable to owners of the Company for the calculation of diluted EPS (RMB'000)	<b>287,768</b>	227,627
Weighted average number of ordinary shares in issue (thousand)	<b>4,468,204</b>	4,405,516
Adjustments for share options and awarded shares (thousand)	<b>15,927</b>	57,700
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand)	<b>4,484,131</b>	4,463,216
Diluted EPS (RMB per share)	<b>0.06</b>	0.05

### 11 DIVIDENDS

Final dividend amounting to RMB148,827,000 had been approved by the shareholders of the Company on June 5, 2024, out of which RMB146,085,000 was paid and claimed during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB81,395,000), while the remaining RMB2,742,000 remained unclaimed as of June 30, 2024.

A final dividend in respect of the year ended December 31, 2023 of Hong Kong dollars (“HK\$”) 0.036 per share in cash out of the share premium account of the Company was proposed pursuant to a resolution passed by the Board on March 15, 2024 and approved by the shareholders of the Company at the 2024 annual general meeting of the Company held on June 5, 2024.

## Notes to the Interim Condensed Consolidated Financial Information

### 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

#### (a) Property and equipment

	Construction in progress RMB'000	Servers and other equipment RMB'000	Buildings RMB'000	Furniture and office equipment, motor vehicles and others RMB'000	Total RMB'000
<b>As of December 31, 2023</b>					
Cost	4,743	83,938	426,258	38,322	553,261
Accumulated depreciation and impairment	–	(57,830)	(9,522)	(21,780)	(89,132)
Net book amount	4,743	26,108	416,736	16,542	464,129
<b>Unaudited</b>					
<b>Six months ended June 30, 2024</b>					
Opening net book amount	4,743	26,108	416,736	16,542	464,129
Acquisition of a subsidiary	–	634	–	22	656
Additions	23,570	7,443	–	1,810	32,823
Transfer from construction in progress to buildings and others	(24,710)	753	4,694	19,263	–
Depreciation charges	–	(5,358)	(5,909)	(4,459)	(15,726)
Disposals	–	(396)	–	(51)	(447)
Closing net book amount	3,603	29,184	415,521	33,127	481,435
<b>As of June 30, 2024</b>					
Cost	3,603	89,046	430,952	58,564	582,165
Accumulated depreciation and impairment	–	(59,862)	(15,431)	(25,437)	(100,730)
Net book amount	3,603	29,184	415,521	33,127	481,435

# Notes to the Interim Condensed Consolidated Financial Information

## 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

### (b) Intangible assets

	Crypto-currencies RMB'000	Goodwill (Note (ii)) RMB'000	Brand name RMB'000	Computer software RMB'000	Copyrights and Others RMB'000	Total RMB'000
<b>As of December 31, 2023</b>						
Cost	708,270	271,272	–	19,026	87,806	1,086,374
Accumulated amortization and impairment	(67,809)	(188,602)	–	(10,213)	(43,996)	(310,620)
Net book amount	640,461	82,670	–	8,813	43,810	775,754
<b>Unaudited</b>						
<b>Six months ended June 30, 2024</b>						
Opening net book amount	640,461	82,670	–	8,813	43,810	775,754
Additions	–	–	–	3,805	1,732	5,537
Acquisition of a subsidiary (Note 26)	–	313,673	59,800	16,337	717	390,527
Amortization charges	–	–	(1,377)	(1,914)	(3,275)	(6,566)
Reversal of impairment losses (Note (i))	68,145	–	–	–	–	68,145
Currency translation differences	4,074	–	–	–	41	4,115
<b>Closing net book amount</b>	<b>712,680</b>	<b>396,343</b>	<b>58,423</b>	<b>27,041</b>	<b>43,025</b>	<b>1,237,512</b>
<b>As of June 30, 2024</b>						
Cost	712,680	584,945	59,800	39,168	90,370	1,486,963
Accumulated amortization and impairment	–	(188,602)	(1,377)	(12,127)	(47,345)	(249,451)
Net book amount	712,680	396,343	58,423	27,041	43,025	1,237,512

# Notes to the Interim Condensed Consolidated Financial Information

## 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

### (b) Intangible assets (Continued)

#### (i) Impairment tests for cryptocurrencies

Cryptocurrencies purchased and held by the Group have been assessed based on each type of cryptocurrencies for impairment testing. The Group carries out their impairment testing by comparing the recoverable amounts of cryptocurrencies to their carrying amounts. An impairment loss will be recognized when the recoverable amount is lower than the carrying amount, while a gain will not be recognized even when the recoverable amount is higher than the carrying amount. A gain will only be recognized if the impairment loss is recovered or the cryptocurrency is disposed of, assuming the proceeds from disposal at that time are higher than its carrying amount.

The costs of cryptocurrencies of the Group are presented below:

	As of June 30, 2024 RMB'000
Ethers	360,018
Bitcoins	352,662
	712,680

Cryptocurrencies purchased and held by the Group through third-party custodian service provider include Ethers (“Ethers”) and Bitcoins, which are accounted for as intangible assets under the cost model. The Group has ownership of and control over the cryptocurrencies held and employs third-party custodian service provider to securely store them. The cryptocurrencies held by the Group are considered to have an indefinite life. Accordingly, 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 recoverable amount of each type of cryptocurrencies is determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group considers accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group. The fair value of Ethers and Bitcoins traded in active markets (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm’s length basis. Therefore, the fair value used for assessment of recoverable amount in impairment tests is determined as quoted prices (unadjusted) in active markets for Ethers and Bitcoins (Level 1).

As of June 30, 2024, the Group carried out impairment tests for Ethers and Bitcoins, respectively. Based on these impairment tests by comparing the recoverable amounts of cryptocurrencies to their carrying amounts, the reversal of impairment losses of RMB68,145,000 in total was recognized in profit or loss by the Group for the six months ended June 30, 2024 (for the six months ended June 30, 2023: reversal of impairment losses of RMB185,563,000).

# Notes to the Interim Condensed Consolidated Financial Information

## 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

### (b) Intangible assets (Continued)

#### (ii) Impairment tests for goodwill

As of June 30, 2024, goodwill was allocated to the Group's cash-generating units ("CGUs") identified as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Photo and video copyright trading and design services (Note 26)	313,673	–
Cosmetic stores ERP SaaS and supply chain business	66,266	66,266
Advertising agency services	16,404	16,404
	<b>396,343</b>	82,670

Goodwill of the Group is tested for impairment whenever there is any indication of impairment or annually at year-end. As there were no indicators for impairment of any of above CGUs, management has not updated any impairment calculations for the six months ended June 30, 2024.

## 13 TRADE RECEIVABLES

The Group grants a credit period of 30 to 120 days to its customers. As of June 30, 2024 and December 31, 2023, the aging analysis of trade receivables (net of allowance for doubtful debts) based on transaction date were as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Trade receivables</b>		
Up to 6 months	435,938	379,726
6 months to 1 year	5,788	5,848
Over 1 year	2,087	2,173
	<b>443,813</b>	387,747

As of June 30, 2024 and December 31, 2023, the carrying amounts of trade receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.



## Notes to the Interim Condensed Consolidated Financial Information

### 14 PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Included in non-current assets</b>		
Rental and other deposits	8,860	13,261
Others	2,473	7,115
Less: loss allowance	(163)	(133)
	<b>11,170</b>	20,243
<b>Included in current assets</b>		
Other receivables in relation to payment on behalf of advertisers	723,584	762,541
Prepayment for inventories	79,703	4,580
Prepayment to advertising platform for advertising agency services	70,177	66,691
Deductible value-added tax	31,885	32,118
Rental and other deposits	24,637	31,510
Loan to a third party	23,000	20,000
Interest receivables	23,253	25,436
Others	28,110	23,191
Less: loss allowance	(52,930)	(46,432)
	<b>951,419</b>	919,635

As of June 30, 2024 and December 31, 2023, the carrying amounts of prepayments and other receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

## Notes to the Interim Condensed Consolidated Financial Information

### 15 TERM DEPOSITS

	<b>Unaudited</b>	Audited
	<b>As of</b>	As of
	<b>June 30,</b>	December 31,
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Included in non-current assets:</b>		
Long-term bank deposits	<b>40,000</b>	90,000
<b>Included in current assets:</b>		
Short-term bank deposits	<b>677,998</b>	490,463
Current portion of long-term bank deposits (Note (b))	<b>92,761</b>	42,496
	<b>770,759</b>	532,959
	<b>810,759</b>	622,959

- (a) As of June 30, 2024, short-term bank deposits amounting to RMB677,998,000 (December 31, 2023: RMB490,463,000) are bank deposits with original maturities over three months but less than one year and redeemable on maturity, while long-term bank deposits amounting to RMB132,761,000 (December 31, 2023: RMB132,496,000) are bank deposits with original maturities over one year and redeemable on maturity. As of June 30, 2024, the principal amount of RMB92,761,000 would mature within 12 months and accordingly, presented as current assets in the consolidated balance sheet. These bank deposits are denominated in RMB, US\$ and HK\$, and the weighted average effective interest rate was 4.72% per annum for the six months ended June 30, 2024 (six months ended June 30, 2023: 4.24%).
- (b) As of June 30, 2024, amounting to RMB20,000,000 of the term deposit has been pledged as collateral for a bank borrowing.

## Notes to the Interim Condensed Consolidated Financial Information

### 16 SHARE CAPITAL AND PREMIUM

As of June 30, 2024 and December 31, 2023, the authorized share capital of the Company comprises 6,000,000,000 ordinary shares with par value of US\$0.00001 per share.

	Note	Number of ordinary shares '000	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
<b>Issued:</b>					
<b>As of January 1, 2024</b>		<b>4,477,679</b>	<b>43</b>	<b>283</b>	<b>7,093,781</b>
Employee share option scheme under Pre-IPO ESOP					
– Shares issued and proceeds received	(a)	435	*	**	93
Consideration of a business combination					
– Shares issued		56,982	*	4	159,175
Dividends	11	–	–	–	(148,827)
<b>As of June 30, 2024</b>		<b>4,535,096</b>	<b>43</b>	<b>287</b>	<b>7,104,222</b>
<b>As of January 1, 2023</b>					
Employee share option scheme under Pre-IPO ESOP		4,442,705	43	283	7,174,119
– shares issued and proceeds received	(a)	3,830	*	**	814
Dividends	11	–	–	–	(81,395)
<b>As of June 30, 2023</b>		<b>4,446,535</b>	<b>43</b>	<b>283</b>	<b>7,093,538</b>

\* The amount is less than US\$1,000.

\*\* The amount is less than RMB1,000.

(a) During the six months ended June 30, 2024, 434,856 pre-IPO share options with exercise price of US\$0.03 were exercised (six months ended June 30, 2023: 3,830,178 pre-IPO share options).

(b) During the six months ended June 30, 2024, no new shares were issued by the Company under the Post-IPO Share Award Scheme (six months ended June 30, 2023: no new shares).

# Notes to the Interim Condensed Consolidated Financial Information

## 17 RESERVES

	Statutory surplus reserve RMB'000	Share-based compensation reserve RMB'000	Fair value of financial assets at fair value through other comprehensive income RMB'000	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
<b>As of January 1, 2024</b>	39,453	600,450	8,619	(353,948)	(210,663)	83,911
Value of employee services:						
– Post-IPO Share Award Scheme (Note 18 (b))	–	27,935	–	–	–	27,935
– Share incentive to senior management of subsidiaries	–	459	–	–	–	459
– Share awards arising from a business combination (Note 18(d))	–	5,241	–	–	–	5,241
Changes in fair value of financial assets at fair value through other comprehensive income (Note 8 (c))	–	–	(6,024)	–	–	(6,024)
Currency translation differences (Note (a))	–	–	–	7,289	–	7,289
<b>As of June 30, 2024</b>	39,453	634,085	2,595	(346,659)	(210,663)	118,811
<b>As of January 1, 2023</b>	33,449	546,515	8,619	(375,979)	(175,976)	36,628
Value of employee services:						
– Post-IPO Share Award Scheme (Note 18 (b))	–	29,503	–	–	–	29,503
– Share incentive to senior management of subsidiaries	–	3,481	–	–	–	3,481
Changes in fair value of financial assets at fair value through other comprehensive income (Note 8 (c))	–	–	(2,397)	–	–	(2,397)
Currency translation differences (Note (a))	–	–	–	44,511	–	44,511
Acquisition of additional equity interests in non-wholly owned subsidiaries	–	–	–	–	39,470	39,470
<b>As of June 30, 2023</b>	33,449	579,499	6,222	(331,468)	(136,506)	151,196

- (a) Currency translation differences represent the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

# Notes to the Interim Condensed Consolidated Financial Information

## 18 SHARE-BASED PAYMENTS

### (a) Pre-IPO ESOP

On February 15, 2014, the Board of Directors of the Company approved the establishment of the Pre-IPO ESOP with the purpose of providing incentives for employees and persons contributing to the Group. The Pre-IPO ESOP shall be valid and effective for 10 years from the grant date. The overall limit on the number of underlying shares is 116,959,070 shares.

#### (i) Shares options granted to employees under the Pre-IPO ESOP

The exercise price of the granted options to employees shall be US\$0.03 per share. Except as provided otherwise in the grant letter or offer in any other form by the Board of Directors, 25% of the shares subject to the option shall vest on the first vesting date, and the remaining 75% shares shall vest over the next 36 months. The first vesting date should be determined by the Company and grantees for each grant agreement. The granted options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

No share options were granted under Pre-IPO ESOP to employees of the Company for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

Movements in the number of share options granted to employees outstanding and their related weighted average exercise prices are as follows:

	Exercise price	Number of share options	
		Six months ended June 30, 2024	2023
At the beginning of the period		12,870,000	17,843,520
Exercised (Note (i))	US\$0.03	(434,856)	(3,830,178)
At the end of the period		12,435,144	14,013,342

Notes:

- (i) As a result of the options exercised during the six months ended June 30, 2024, 434,856 ordinary shares (six months ended June 30, 2023: 3,830,178 ordinary shares) were issued by the Company (Note 16). The weighted average price of the shares immediately before the dates on which the options were exercised was HK\$3.26 per share (equivalent to RMB2.96 per share) (six months ended June 30, 2023: HK\$2.58 per share (equivalent to RMB2.31 per share)).

As of June 30, 2024, all share options granted are vested and exercisable, and will expire no later than 2026.

# Notes to the Interim Condensed Consolidated Financial Information

## 18 SHARE-BASED PAYMENTS (CONTINUED)

### (b) Post-IPO Share Award Scheme/2024 Share Award Scheme

On November 25, 2016, the Post-IPO Share Award Scheme was adopted pursuant to the written resolutions of the Shareholders. On June 5, 2024, the 2024 Share Award Scheme was adopted to replace the existing Post-IPO Share Award Scheme to comply with the requirements of amended Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As of June 30, 2024, no awarded shares have been granted by the Group under the 2024 Share Award Scheme.

Movements in the number of awarded shares for the six months ended June 30, 2024 and 2023 are as follows:

	Post-IPO Share Award Scheme Number of shares Six months ended June 30,	
	2024	2023
At the beginning of the period	27,997,545	32,661,188
Granted	26,459,929	29,595,329
Vested	(20,282,002)	(25,431,800)
Forfeited	(306,060)	(2,056,195)
At the end of the period	33,869,412	34,768,522

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

The weighted average fair value of awarded shares granted during the six months ended June 30, 2024 was HK\$3.28 per share (equivalent to approximately RMB2.97 per share) (six months ended June 30, 2023: HK\$2.63 per share (equivalent to approximately RMB2.30 per share)).

During the six months ended June 30, 2024, the Group recorded share-based compensation of RMB27,935,000 (six months ended June 30, 2023: RMB29,503,000) related to Post-IPO Share Award Scheme.

The outstanding awarded shares as of June 30, 2024 were divided into two to four tranches on an equal basis as of their grant dates. The first tranche can be vested after a specified period ranging from one to twelve months from the grant date, and the remaining tranches will become vested in each subsequent year.

# Notes to the Interim Condensed Consolidated Financial Information

## 18 SHARE-BASED PAYMENTS (CONTINUED)

### (b) Post-IPO Share Award Scheme/2024 Share Award Scheme (Continued)

#### (i) Expected Retention Rate under Post-IPO Share Award Scheme

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options (the “**Expected Retention Rate**”) in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As of June 30, 2024, the Expected Retention Rate, excluding senior management, was assessed to be 94% (2023: 94%). For senior management, the Group estimates the Expected Retention Rate on individual basis.

### (c) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the board on November 25, 2016 and adopted with effect from the completion of the IPO. On June 5, 2024, the Post-IPO Share Option Scheme was terminated pursuant to the written resolutions of the Shareholders. As of June 30, 2024, no options have been granted by the Group under the Post-IPO Share Option Scheme.

### (d) Share awards arising from a business combination

On March 27, 2024, the Group acquired the 100% shareholdings of Zcool Network Technology Limited and its subsidiaries (the “**Aquiree**”) (Note 26). In addition, in connection with the acquisition, 3,990,232 restricted shares units (“**RSUs**”) of the Company have been issued to the former option holders of the Aquiree under the Aquiree’s existing Employee Stock Ownership Plan (the “**ESOP Plan**”) for replacement of these options. The Aquiree’s option replacement has been analysed to determine whether the awards relate to pre-combination or post-combination services or both. To the extent the Aquiree’s option replacement is for pre-combination services, a portion of the value of the awards has been allocated to the consideration transferred for the Aquiree. To the extent the Aquiree’s option replacement is for post-combination services, the value of the awards is recognized as compensation expenses attributable to post-combination services.

The incremental fair value, calculated as the difference between the fair value of share awards assumed by the Group in the Aquiree’s option replacement and the fair value of the outstanding incentive share options of the Aquiree as of the acquisition date, has been included in the measurement of the amount recognized for the services received over the remainder of the vesting period, and is recognized in the Group’s consolidated income statements as share-based compensation expenses.

During the six months ended June 30, 2024, the Group recorded share-based compensation for share awards of RMB5,241,000.

## Notes to the Interim Condensed Consolidated Financial Information

### 19 TRADE AND OTHER PAYABLES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Included in current liabilities</b>		
Payroll and welfare payables	223,932	265,952
Trade payables	173,752	140,604
Payables to platforms for agency services	171,827	244,876
Other tax payables	33,479	12,082
Deposits payable	29,183	30,377
Contingent cash consideration for a business combination (Note 26)	15,132	–
Others	42,588	41,318
	<b>689,893</b>	735,209

The aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Up to six months	134,198	98,990
Over six months	39,554	41,614
	<b>173,752</b>	140,604



# Notes to the Interim Condensed Consolidated Financial Information

## 20 CONVERTIBLE REDEEMABLE PREFERRED SHARES

As mentioned in note 2(a), a wholly owned subsidiary of the Company, Pixocial, entered into a share subscription agreement with certain third party investors to issue 17,043,417 shares of Series A preferred shares at a price of US\$1.1148 per share with total consideration of US\$19,000,000 (equivalent to approximately RMB134,571,000). The issuance of the Series A Preferred Shares was completed on December 1, 2023.

The key terms of the Preferred Shares are summarised as follows:

### (a) Dividends rights

The board of directors of Pixocial shall determine in good faith whether the net profit threshold, defined in the shareholders' agreement, of such fiscal year has been satisfied with reference to the audited annual consolidated financial statements of the Group (the "**Annual Financials**") as delivered by Pixocial to major investors. If the board of directors of Pixocial determines that the relevant net profit threshold, defined in the shareholders' agreement, of such fiscal year has been met, the board of directors of Pixocial shall declare and authorize Pixocial to pay to each Series A preference shareholder a dividend in the amount equal to the special dividend amount, defined in the shareholders' agreement. If the board of directors of Pixocial determines that the relevant net profit threshold of such fiscal year has not been met, no special dividend amount shall be declared and paid to any Series A preference shareholders.

### (b) Conversion feature

Each Series A preference share shall automatically be converted, based on the then-effective Series A conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (x) the closing of a (i) Qualified Initial Public Offering ("**QIPO**"); or (ii) an Initial Public Offering ("**IPO**") that is otherwise duly approved by the board of Pixocial pursuant to articles and shareholders' agreement, and (y) the date specified by written consent or agreement of the super majority Series A preferred shares' holders (voting as a single class on an as-converted basis), which are holders of more than fifty-nine percent (59%) of the voting power attaching to the then issued and outstanding Series A preference shares.

QIPO means an underwritten public offering of ordinary shares of Pixocial or of any listing vehicle formed to hold all or substantially all of the target business on Shenzhen Stock Exchange, Shanghai Stock Exchange, the main board of the Hong Kong Stock Exchange, New York Stock Exchange, NASDAQ or (subject to the affirmative vote or written consent of the director of the board of Pixocial) such other internationally recognized stock exchange as may be approved by the board of Pixocial ("**Qualified Exchange**").

# Notes to the Interim Condensed Consolidated Financial Information

## 20 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

### (c) Redemption feature

For Series A preferred shares' holders, they may redeem the preferred shares upon the request, at any time after the earlier of (i) the failure to consummate a QIPO or a trade sale before the fourth (4th) anniversary of the initial completion date, (ii) the occurrence of any breach of the transaction documents by any member of Pixocial and its subsidiaries or the management holders as defined in the shareholders' agreement, any fraud of any member of Pixocial and its subsidiaries or the management holders, which in each case, is reasonably expected to have a material adverse effect on Pixocial and its subsidiaries (taken as a whole) and which are not rectified within sixty (60) days upon receipt of notice from any holder of the Series A preference shares; (iii) the occurrence of any blocking event (other than in respect of the special redemption event defined in the shareholders' agreement); and (iv) both of the management holders cease their employment relationship or services with Pixocial and all of the material subsidiaries of Pixocial (other than due to removal by the board of directors of Pixocial without cause or due to reasons of disability).

The redemption price shall be paid by Pixocial to the preferred shares holders in an amount equal to: (i) one hundred percent (100%) of the original issue price, plus (ii) a simple interest of eight percent (8%) per annum of the original issue price calculated from the original issue date until the date of its payment in full, and minus (iii) all dividends and distributions previously received by Series A preferred shares' holders.

### (d) Liquidation preferences

In the event of any liquidation, dissolution or winding up of Pixocial, either voluntary or involuntary, the preferred shareholders shall be entitled to receive prior and in preference to any distribution of any proceeds to the holders of the ordinary shares, an amount per Series A Preference Share held by such holder equal to the sum of one hundred percent (100%) of the Series A Preference Share original issue price, plus the higher of (i) a simple interest of eight percent (8%) per annum of the Series A Preference Share original issue price calculated from the Series A Preference Share original issue date until the date of the the amount of Series A Preference Share is paid in full, or (ii) all declared but unpaid accrued dividends on such Series A Preference Share, minus any special dividend amount, dividends and other distributions previously received by such holder of the Series A preference shares.

The Group measures the convertible redeemable preferred shares on a fair value basis and does not bifurcate any embedded derivatives from the host instruments and designates the entire instrument as financial liabilities at fair value through profit or loss with the changes in the fair value recognized in the consolidated income statement.

## Notes to the Interim Condensed Consolidated Financial Information

### 20 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

#### (d) Liquidation preferences (Continued)

The movement of the convertible redeemable preferred shares is set out as below:

	Unaudited As of June 30, 2024 RMB'000
<b>As of January 1, 2024</b>	<b>134,571</b>
Currency translation differences	838
<b>As of June 30, 2024</b>	<b>135,409</b>
Changes in fair value of the convertible redeemable preferred shares for the year included in profit or loss	-

The convertible redeemable preferred shares are classified as current liabilities as of June 30, 2024 because the convertible redeemable preferred shares are convertible by the preferred shareholders at any time.

Changes in fair value of convertible redeemable preferred shares were recorded in "fair value changes of convertible redeemable preferred shares". Management considered that fair value change in the convertible redeemable preferred shares that are attributable to changes of credit risk of this liability being not significant.

# Notes to the Interim Condensed Consolidated Financial Information

## 21 BORROWING

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Bank borrowings, unsecured (Note (a))	73,804	14,980
Bank borrowings, secured (Note (b))	20,000	–
	<b>93,804</b>	14,980

- (a) As of June 30, 2024, the Group's unsecured bank borrowings were denominated in RMB with an effective interest rate from 2.00% to 3.45% (December 31, 2023: from 3.65% to 3.80%) per annum.
- (b) The Group's secured bank borrowings were denominated in RMB with an effective interest rate of 1.86% per annum and are secured by a pledged term deposit.
- (c) As of June 30, 2024 and December 31, 2023, the fair value of the Group's borrowings approximated to their carrying amounts due to the short maturity.

## 22 COMMITMENTS

### (a) Capital Commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Investment commitments	–	6,184

# Notes to the Interim Condensed Consolidated Financial Information

## 23 CONTINGENCIES

The Group did not have any significant contingent liabilities as of June 30, 2024.

## 24 SUBSEQUENT EVENTS

There were no material subsequent events during the period from June 30, 2024 to the approval date of this condensed consolidated interim financial information by the Board on August 28, 2024.

## 25 RELATED PARTY TRANSACTIONS

Save as disclosed in other notes, the following significant transactions were carried out between the Group and its related parties during the six months ended June 30, 2024 and 2023.

### (a) Significant transactions with related parties

In the opinion of the executive directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective parties.

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	<b>Unaudited Six months ended June 30, 2023 RMB'000</b>
(i) Sales of goods and services:		
An associate	749	1,452
Others	25	81
	<b>774</b>	<b>1,533</b>
(ii) Purchases of goods and services:		
Associates	1,071	2,413
Others	6	104
	<b>1,077</b>	<b>2,517</b>
(iii) Loans to an investee company:		
An associate	3,000	–

## Notes to the Interim Condensed Consolidated Financial Information

### 25 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Period/Year end balances with related parties

	<b>Unaudited As of June 30, 2024 RMB'000</b>	<b>Audited As of December 31, 2023 RMB'000</b>
(i) Receivables from: Associates	409	2,780
(ii) Payables to: Associates in form of preferred shares	23,031	26,091
Associates	553	284
	<b>23,584</b>	<b>26,375</b>
(iii) Contract liabilities from: Associates in form of preferred shares	23	18
An associate	20	–
	<b>43</b>	<b>18</b>

Balances with other related parties were all unsecured, interest-free and repayable on demand.

# Notes to the Interim Condensed Consolidated Financial Information

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Key management personnel compensations

Key management includes directors (executive and non-executive). The compensations paid or payable to key management for employee services are shown below:

	<b>Unaudited Six months ended June 30, 2024 RMB'000</b>	Unaudited Six months ended June 30, 2023 RMB'000
Share-based compensation expenses	4,873	9,969
Wages, salaries and bonuses	4,651	6,054
Other social security costs, housing benefits and other employee benefits	102	100
Pension costs – defined contribution plan	20	57
	<b>9,646</b>	16,180

## 26 BUSINESS COMBINATION

### (a) Summary of acquisition

On February 2, 2024, the Group entered into a sales and purchase agreement (“SPA”) with the Acquiree and its selling shareholders. Pursuant to the SPA, the Group acquired 100% equity interest of the Acquiree for an aggregate consideration of RMB319,940,000, out of which RMB159,179,000 of the total consideration was settled by allotment and issue of 52,992,166 ordinary shares and 3,990,232 RSUs, and the remaining RMB160,761,000 was settled by cash. The acquisition was completed on March 27, 2024 (“Acquisition Date”).

After acquisition, the Acquiree has become a wholly-owned subsidiary of the Group. The Acquiree is principally engaged in the business of online education platform for design, online advertising design, crowd-sourced design, online community for design, stock photography and stock image copyright trading.

# Notes to the Interim Condensed Consolidated Financial Information

## 26 BUSINESS COMBINATION (CONTINUED)

### (a) Summary of acquisition (Continued)

Details of the purchase consideration paid, the fair values of net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	
Ordinary shares issued (Note (i))	154,766
RSUs replacement (Note (ii))	4,413
Cash consideration (Note (iii))	160,761
<b>Total purchase consideration</b>	<b>319,940</b>

- (i) The fair value of the 52,992,166 ordinary shares issued as part of the consideration paid for the selling shareholders of the Acquiree (RMB154,766,000) was based on the published share price on March 27, 2024 of HK\$3.22 per share (equivalent to RMB2.92 per share).
- (ii) Pursuant to the SPA for the acquisition of the Acquiree, all outstanding options, vested or unvested, that were awarded under the Acquiree's ESOP Plan were assumed by the Group. This represents the portion of the awards related to pre-combination services and were therefore allocated to consideration paid by the Group.
- (iii) For the cash consideration of RMB160,761,000, out of which RMB15,132,000 is contingent upon the achievement of certain business performance targets by Acquiree for the year of 2024 and the turnover rate of the key employees at the first anniversary after Acquisition Date has been achieved.

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value RMB'000
Intangible assets	76,854
Trade and other receivables	16,615
Cash and cash equivalents	10,441
Other assets	3,562
Trade and other payables	(46,238)
Contract liabilities	(48,977)
Deferred tax liabilities	(2,990)
Borrowing	(3,000)
<b>Net identifiable assets acquired</b>	<b>6,267</b>
<b>Add: goodwill (Note (i))</b>	<b>313,673</b>
	<b>319,940</b>



## Notes to the Interim Condensed Consolidated Financial Information

### 26 BUSINESS COMBINATION (CONTINUED)

#### (a) Summary of acquisition (Continued)

##### (i) Goodwill

The goodwill aforementioned is attributable to the strong position and synergy expected to arise after the Group's acquisition. It is not expected to be deductible for tax purposes.

##### (ii) Revenue and profit contribution

The revenue and the results for the period included in the interim condensed consolidated financial information since the Acquisition Date contributed by the Acquiree was insignificant to the Group. The Group's revenue and results for the six months ended June 30, 2024 would not be materially different if the acquisition had occurred on January 1, 2024.

#### (b) Purchase consideration – cash outflow

	RMB'000
Cash consideration	160,761
Less: contingent consideration	(15,132)
Less: outstanding cash consideration	(20,510)
Less: cash and cash equivalents acquired	(10,441)
Net cash outflow – investing activities	114,678

# Definitions

“2024 Share Award Scheme”	the share award scheme adopted by the Company on June 5, 2024
“Adjusted Net Profit/(Loss)”	adjusted net profit/(loss) is calculated as the profit/(loss) for the period, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation; (ii) fair value gains/(losses) on long-term investments, net of tax; (iii) amortization of intangible assets and other expenses related to acquisition, net of tax; and (iv) impairment losses on cryptocurrencies
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Company
“Board of Directors” or “Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
“China”, “Mainland China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly
“Company”, “our Company”, “the Company”, “Meitu”, “we” or “us”	Meitu, Inc. 美图公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 25, 2013 and carries on business in Hong Kong as “美圖之家” (in Chinese) as approved and registered with the Registrar of Companies in Hong Kong on October 28 and November 7, 2016, respectively. “Meitu” may also refer to the Company’s brand if the context so requires. “Meitu”, when italicized, refers to the Company’s first product, Meitu
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangements”	the existing series of contractual arrangements entered into between Mr. Wu, Xiamen Hongtian, Meitu Home and Meitu Networks (as applicable), details of which are set out in the Prospectus, the announcement of the Company dated March 17, 2021 and the 2023 annual report of the Company published on April 25, 2024

## Definitions

“Cryptocurrency Investment Plan”	the plan to make a net purchase of up to US\$100,000,000 worth of cryptocurrencies, financed by the existing cash reserves other than any remaining proceeds from the Company’s initial public offering, as more particularly set out in the announcement of the Company published on March 7, 2021
“Director(s)”	the director(s) of our Company
“EveLab Insight”	EveLab Insight, Inc. (formerly known as MeituEve, Inc. and Meipai Ltd), a company incorporated in the Cayman Islands with limited liability on June 2, 2015, and a subsidiary of the Company
“EveLab Insight Share Award Scheme”	the share award scheme adopted by EveLab Insight (a subsidiary of the Company that is not a principal subsidiary of the Company pursuant to Chapter 17 of the Listing Rules) on June 2, 2021 and amended on September 30, 2021, which is not subject to the provisions of Chapter 17 of the Listing Rules
“Former Zcool Founders”	collectively, Mr. Lu Wei (盧偉) and Ms. Tian Caixia (田彩霞)
“Former Zcool Founder Holdcos”	collectively, Yixuan Club Limited (a company incorporated in the British Virgin Islands with limited liability) and TianFamilyTree Limited (a company incorporated in the British Virgin Islands with limited liability), which are wholly-owned by Mr. Lu Wei (盧偉) and Ms. Tian Caixia (田彩霞) respectively
“Group”, “our Group”, or “the Group”	the Company, its subsidiaries, the PRC Operating Entities (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements) and MeituEve Networks and its subsidiaries (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the MeituEve Contractual Arrangements) from time to time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICP”	Internet content provider
“ICP License”	Value-added Telecommunications Service Operating Permit for Internet Information Service
“IFRSs”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board

## Definitions

“Latest Practicable Date”	September 18, 2024, being the latest practicable date prior to the bulk printing and publication of this interim report
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange on December 15, 2016
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Longlink Capital”	Longlink Capital Ltd, a company incorporated under the laws of the BVI on January 11, 2007, which is wholly-owned by Longlink Limited, which in turn is held by Lion Trust (Singapore) Limited as trustee for the benefit of Mr. Cai and is deemed interested in approximately 13.67% of the issued share capital of our Company as at the Latest Practicable Date
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“MAU”	monthly active users
“Meitu HK”	Meitu (China) Limited (美圖(中國)有限公司), a limited liability company incorporated in Hong Kong on August 12, 2013, and a subsidiary of the Company
“Meitu Home”	Xiamen Home Meitu Technology Co., Ltd. (廈門美圖之家科技有限公司), a company established in the PRC on October 14, 2013, and a subsidiary of the Company
“Meitu Investment”	Meitu Investment Ltd, a company incorporated under the laws of the BVI on January 30, 2015, and a subsidiary of the Company
“Meitu Trust”	Beautiful Space Ltd., a limited liability company incorporated under the laws of the BVI, the entire issued share capital of which are beneficially owned by the Company through a professional trustee
“Meitu Networks”	Xiamen Meitu Networks Technology Co., Ltd.* (廈門美圖網科技有限公司) (formerly known as Xiamen Shuzi Qingyuan Networks Technology Co. Ltd. (廈門數字情緣網科技有限公司) and Xiamen Networks Zhiyuan Xinxi Technology Co. Ltd (廈門網之源信息科技有限公司)), a company established in the PRC on June 18, 2003, owned by Mr. Wu and Xiamen Hongtian as to 51% and 49%, respectively, and by virtue of the Contractual Arrangements, accounted for as our subsidiary

## Definitions

“MeituEve Contractual Arrangements”	a series of contractual arrangements entered into between MeituEve Technology, MeituEve Networks and Xiamen Hongtian, and the details of which are set out in the announcement of the Company dated July 30, 2021 and the 2023 annual report of the Company published on April 25, 2024
“MeituEve Networks”	Xiamen MeituEve Networks Services Co., Ltd.* (廈門美圖宜膚網絡服務有限公司), a company established in the PRC on May 19, 2021, wholly-owned by Xiamen Hongtian, and by virtue of the MeituEve Contractual Arrangements, accounted for as our subsidiary
“MeituEve Technology”	Xiamen MeituEve Technology Co., Ltd.* (廈門美圖宜膚科技有限公司), a limited liability company incorporated under the laws of the PRC on February 4, 2021 and a subsidiary of the Company
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
“Mr. Cai”	Mr. Cai Wensheng (蔡文勝), a substantial Shareholder
“Mr. Chen”	Mr. CHEN Jiarong (陳家榮), our non-executive Director and a substantial Shareholder
“Ms. Chen”	Ms. Chen Cuie (陳翠娥), the Group’s finance director, who has been employed by the Group for over 9 years and a director of a number of the Group’s subsidiaries
“Mr. Wu”	Mr. Wu Zeyuan (吳澤源), also known as Mr. Wu Xinhong (吳欣鴻), our founder, Chairman, Chief Executive Officer and executive Director
“Nomination Committee”	the nomination committee of the Company
“Ordinary Zcool Vendors”	collectively, the Zcool Founder Holdcos and the Former Zcool Founder Holdcos
“Pixocial Holdings”	Pixocial Holdings Ltd (formerly known as Meitu Holdings Ltd), an exempted company with limited liability incorporated under the laws of Cayman Islands on June 2, 2015, and a subsidiary of the Company
“Pixocial Share Option Scheme”	the share option scheme adopted by Pixocial Holdings on December 1, 2023

## Definitions

“Post-IPO Share Award Scheme”	the share award scheme adopted by the Company on November 25, 2016
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on November 25, 2016
“PRC Operating Entities”	Meitu Networks and its subsidiaries and branches, the financial results of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Pre-IPO ESOP”	the employees’ share option plan of the Company as approved by the Board on February 15, 2014 and amended by the Board on November 18, 2015
“Prospectus”	the prospectus of the Company dated December 5, 2016
“Remuneration Committee”	the remuneration committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Smart Hardware Business”	the smart hardware business of the Group, involving the production of, among other things, MeituEve (a commercial AI skin analyser), MeituKey (a contact skin analyser), MeituSpa (an AI cleansing brush) and Meitu Genius (an AI smart mirror)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“Xiamen Hongtian”	Xiamen Hongtian Chuangfu Technology Co., Ltd.* (廈門鴻天創富科技有限公司), a company established in the PRC on June 5, 2020 and owned by Mr. Wu as to 99% and Ms. Chen as to 1%

## Definitions

“Xinhong Capital”	Xinhong Capital Limited, a company incorporated under the laws of BVI on June 13, 2013, which is wholly-owned by Easy Prestige Limited, which in turn is held by Lion Trust (Singapore) Limited as trustee for the benefit of Mr. Wu and is deemed interested in approximately 12.50% of the issued share capital of our Company as at the Latest Practicable Date
“Zcool Founders”	collectively, Mr. Liang Yaoming (梁耀明), Ms. Zhao Lili (趙俐俐) and Mr. Ji Xiaoliang (紀曉亮)
“Zcool Founder Holdcos”	collectively, Ming and Lily Design Limited (a company incorporated in the British Virgin Islands with limited liability), Lily Advertising Limited (a company incorporated in the British Virgin Islands with limited liability) and JXL Advertising Co., Ltd. (a company incorporated in the British Virgin Islands with limited liability), which are wholly-owned by Mr. Liang Yaoming (梁耀明), Ms. Zhao Lili (趙俐俐) and Mr. Ji Xiaoliang (紀曉亮) respectively
“Zcool Founder Parties”	collectively, the Zcool Founders and the Zcool Founder Holdcos
“Zcool Investor Vendors”	collectively, (i) IDG China Media Fund II L.P., (ii) HES Ventures II, LLC, (iii) Shutterstock (UK) LTD, and (iv) VNTR V Holdings Limited
“Zcool Network”	Zcool Network Technology Limited, an exempted limited company incorporated under the laws of the Cayman Islands
“Zcool Network Group Companies”	Zcool Network and its subsidiaries, namely, Zcool Network Technology Hong Kong Limited (站酷網絡科技有限公司), Beijing Zcool Creative Technology Co., Ltd.* (北京站酷創意科技有限公司), Beijing Zcool Network Technology Co., Ltd.* (北京站酷網絡科技有限公司), Beijing Zcool Education Technology Co., Ltd.* (北京站酷教育科技有限公司), Xi'an Zcool Fengqi Network Technology Co., Ltd.* (西安站酷風起網絡科技有限公司) and Nanjing Zcool Intellectual Property Agency Co., Ltd.* (南京站酷知識產權代理有限公司)
“Zcool Vendors”	the Ordinary Zcool Vendors and the Zcool Investor Vendors
“%”	per cent

\* for identification purpose only

