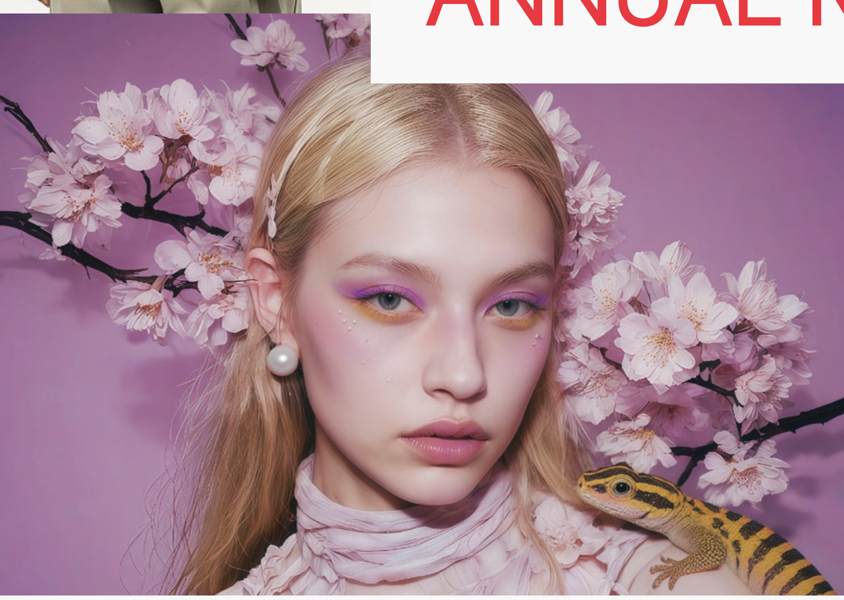
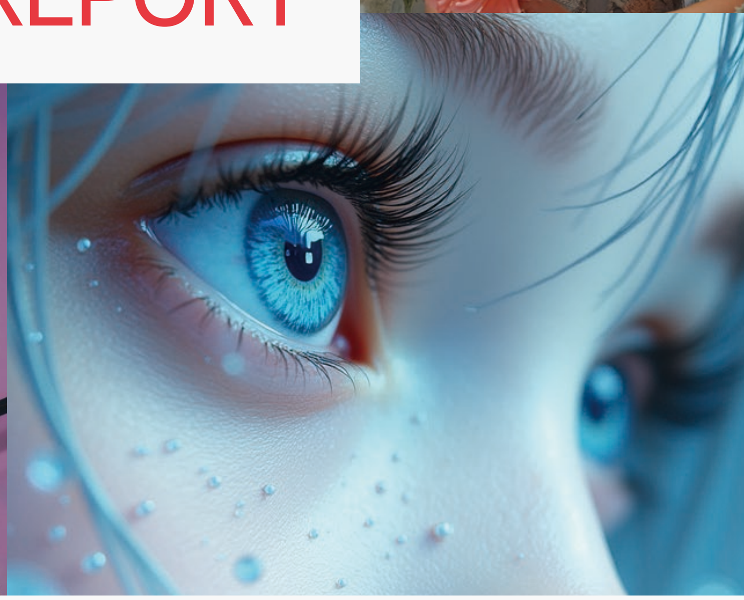


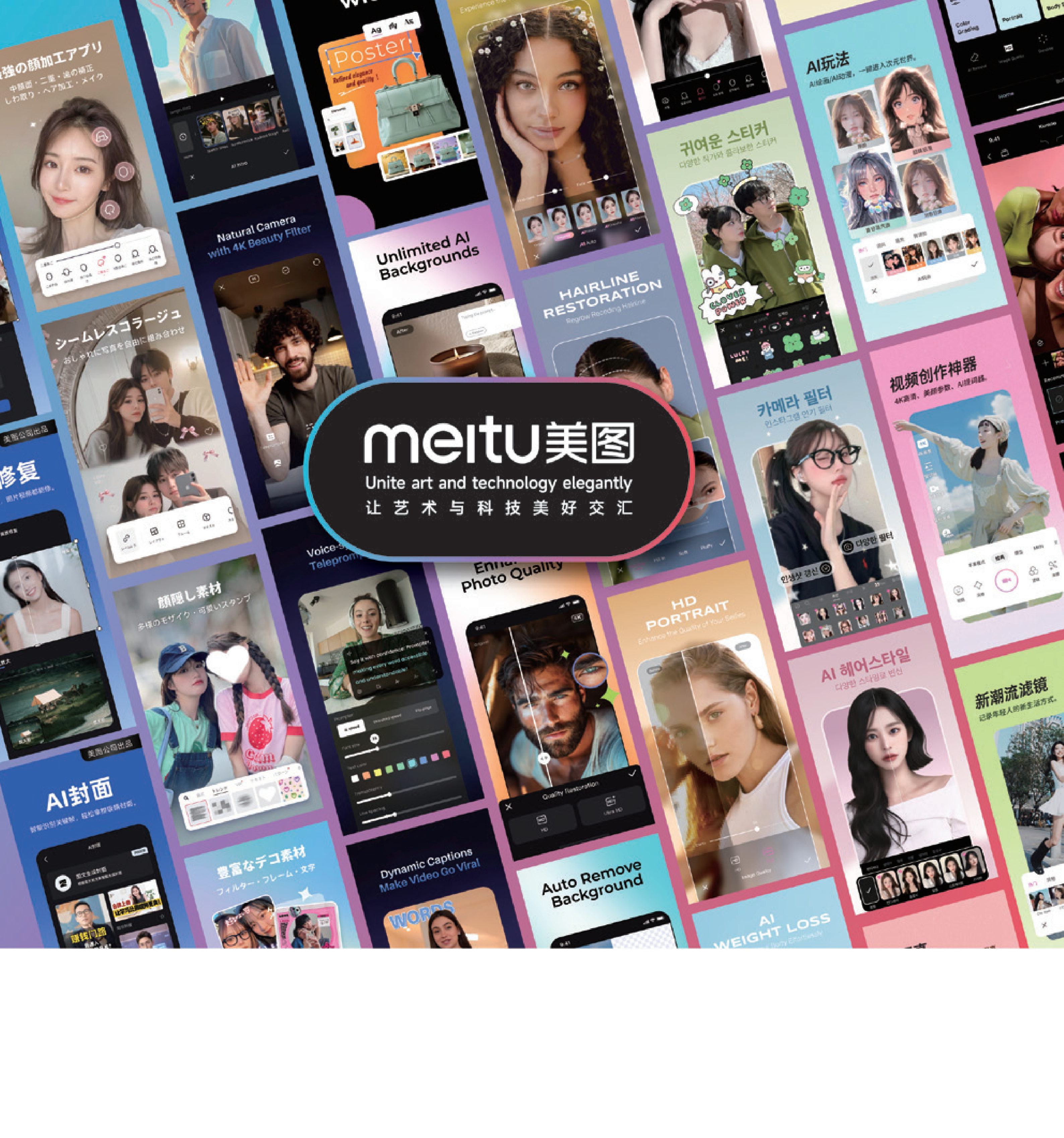

meitu

Stock Code: 1357


2024 ANNUAL REPORT

(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as "美圖之家")


meitu美图
Unite art and technology elegantly
让艺术与科技美好交汇
Natural Camera
with 4K Beauty Filter
Unlimited AI
Backgrounds
HAIRLINE
RESTORATION
귀여운 스티커
AI玩法
시ームレスコラージュ
카메라 필터
视频创作神器
顔隠し素材
HD
PORTRAIT
AI 헤어스타일
AI封面
豊富なデコ素材
Dynamic Captions
Make Video Go Viral
Auto Remove
Background
新潮流滤镜
Poster

meitu

2024 ANNUAL REPORT

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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

Corporate Information

HEADQUARTERS
Meitu Tower, Building 2,
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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
Jingtian & Gongcheng

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

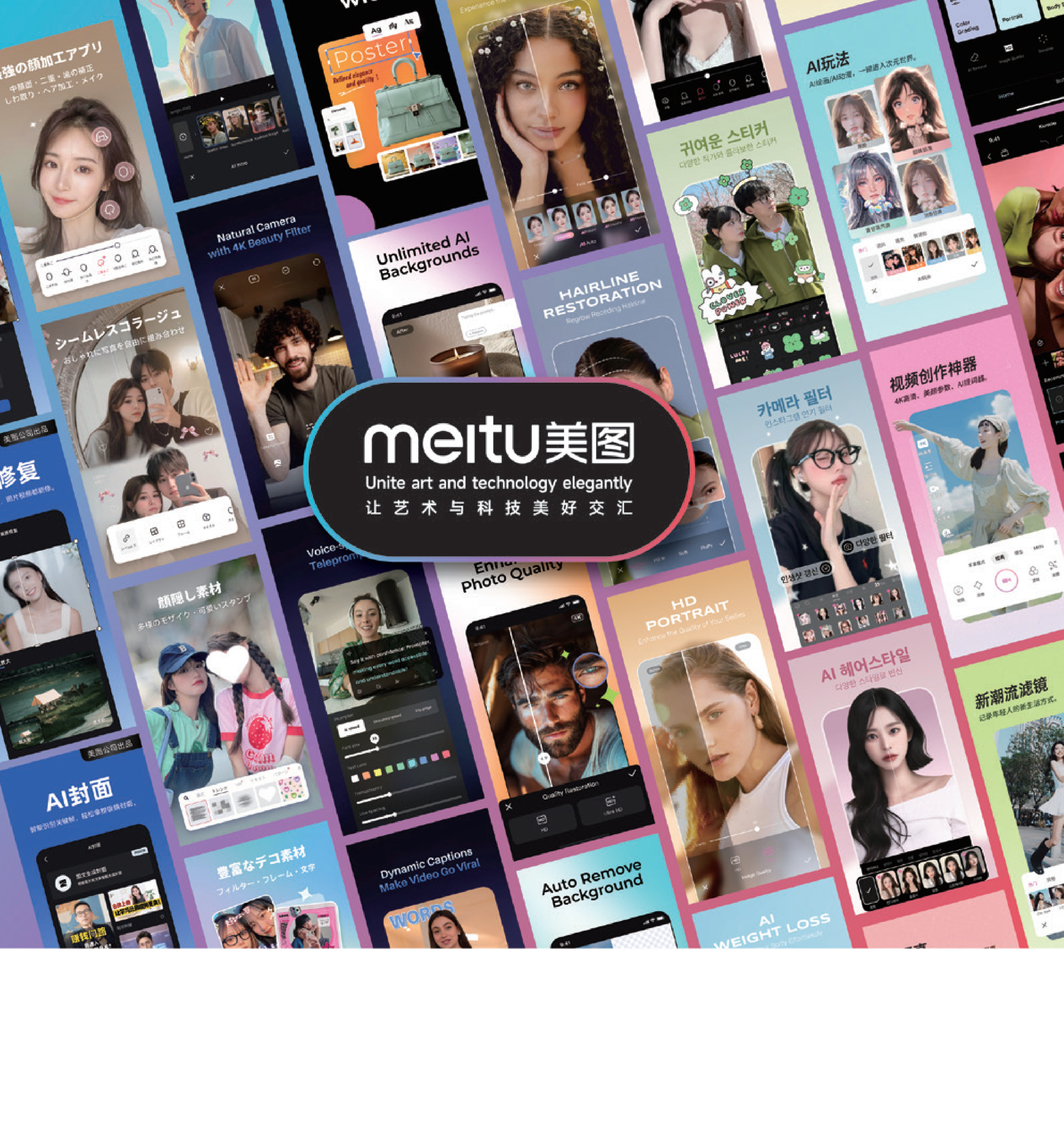
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

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



2024 Highlights

2024 Highlights

- In 2024, Net Profit* and Adjusted Net Profit* increased by 112.8% and 59.2% YoY, respectively. Overall gross margin continued to improve mainly due to the increasing contribution of the high-margin "Photo, video, and design products" business to total revenue. Although we continued to increase investment in AI and R&D, the rise in overall expenses was far lower than the growth in gross profit, building operational leverage and driving continuous profit growth.

- MAU reached approximately 266 million in December 2024, representing 6.7% YoY growth. This marks an acceleration from the 4.3% YoY growth recorded in June 2024, thanks to the effective execution of our globalisation strategy. MAU from the markets outside of Mainland China grew by 21.7% YoY to 94.51 million, accounting for 35.6% of the total MAU.

- Our massive MAU base in the photo and video industry has brought us numerous advantages including strong channel distribution capabilities, scalable R&D and operational capabilities, as well as the ability to quickly identify and validate user needs. These advantages have been of great help to the success of our new products and the global growth of our existing products.

- In terms of productivity tools, revenue from *DesignKit* driven by AI amounted to approximately RMB200 million in 2024, doubling revenue size YoY. Last year, we also launched commercial photography and design product and talking head video product for markets outside of Mainland China to seize opportunities emerging in the global productivity tools market.

* *Attributable to Owners of the Company*

Key Financial Data

	Year ended December 31 2024 RMB'000	2023 RMB'000	YoY change (%)
Revenue	**3,340,761**	2,695,738	23.9%
– Photo, video and design products	**2,085,616**	1,327,384	57.1%
– Solutions for beauty industry	**384,574**	569,158	-32.4%
– Advertising	**853,467**	758,790	12.5%
– Others	**17,104**	40,406	-57.7%
Gross Profit	**2,294,211**	1,655,876	38.5%
Gross Margin	**68.7%**	61.4%	7.2p.p.
Profit for the year	**806,160**	366,418	120.0%
Adjusted Net Profit attributable to Owners of the Company[1]	**586,167**	368,297	59.2%

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

Key Operational Data

	As of December 2024 '000	2023 '000	YoY change (%)
Total MAU	**265,825**	249,155	6.7%
Breakdown by application use case:			
– Products for leisure[1]	**243,637**	231,493	5.2%
– Productivity tools[2]	**22,188**	17,662	25.6%
Breakdown by geography:			
– Mainland China	**171,320**	171,474	-0.1%
– Countries and regions outside of Mainland China	**94,505**	77,681	21.7%

(1) "Life" has been renamed to "Products for leisure" without any other change and refers to users from products focusing on casual use cases such as photography, image and video editing, etc.

(2) "Productivity" has been renamed to "Productivity tools" without any other change and refers to users from products focusing on productivity use cases such as commercial photography, commercial design, professional video editing, etc.

Chairman's Statement

Chairman's Statement

Dear Shareholders,

I am pleased to report to our shareholders that in 2024, the Net Profit attributable to the Owners of the Company increased by 112.8% YoY to approximately RMB805 million and the Adjusted Net Profit attributable to Owners of the Company increased by 59.2% YoY to approximately RMB586 million, respectively. Driven by the integration of AI technologies with our products, revenue grew 23.9% YoY to RMB3.341 billion. The sustained improvement in the Company's overall gross profit margin was primarily driven by the rapid revenue growth and expanding contribution to total revenue from our high-margin business of Photo, video and design products. Notably, while the Company continues to increase investments in AI and Research and Development ("**R&D**"), the growth rate of total expenses remained significantly lower than the growth rate in gross profit. This operational leverage effect has been effectively harnessed to drive profit expansion.

As of December 2024, our MAU reached approximately 266 million, reflecting 6.7% YoY growth. This represents an acceleration compared to the 4.3% YoY growth rate recorded in June 2024. As of December 31, 2024, our product portfolio had exceeded 12.61 million paying subscribers, with the subscription rate steadily increasing to 4.7%.

These operational metrics not only demonstrate the continued appeal of our products to users but also underscore the significant effectiveness of our efforts to drive user monetization under the subscription-based business model.

Amid the rapid development of mobile internet, Meitu has cultivated a massive and highly valuable photo and video user base. This represents a unique and unreplicable opportunity bestowed by the era, serving as the cornerstone for our future high-speed growth.

First and foremost, product strength remains the decisive factor in the photo and video tools sector. Our substantial user scale enables us to invest in R&D on a larger scale. Each of our successful innovation reaches broader users than industry peers could achieve, generating superior commercial returns that fuel reinvestment in ultimate user experience enhancement. Moreover, scaled R&D empowers us to develop a more diversified feature suite addressing granular demands across scenarios – from photo retouching to portrait beautification – thereby strengthening user stickiness and payment conversion rates. Even when competitors temporarily acquire users through single-feature advantages, users are ultimately attracted by our comprehensive functions ecosystem and unparalleled technological effects.

Moreover, large-scale investment in R&D, especially in engineering infrastructure and mid-platform development, allows us to continuously shorten the product development cycle and transform cutting-edge photo and video and AI technologies into more innovative features and functionalities, such as "*AI Squish*", "*AI Hair*", and "*AI Wardrobe*". Looking ahead, we will uphold our mission to "Unite art and technology elegantly", continuously invest in photo and video R&D, strengthen our engineering capabilities, and strive to achieve world-class effects in vertical scenarios.

Secondly, the large user base of photo and video products not only provides us with a unique channel advantage but also enables us to build a precise demand discovery system. Through the collaboration of our product matrix, we achieve low-cost cold starts for new products and significantly increase their success rate. A typical example is the AI video editing tool, *Wink*: its prototype originated from the video beautification module of *the Meitu app*. After capturing the trend of rapidly increasing user demand for AI video editing, we launched this product independently in March 2022. Leveraging internal traffic synergy, *Wink* achieved a leap from 0 to approximately 30 million MAU within just two years.

Lastly, from an operational perspective, the advantage of our large user base not only translates into bargaining power within the industry chain (such as computing power leasing, channel promotion, etc.) to optimize operational costs but also provides us with the ability to replicate popular features across countries. For instance, in December 2024, after the "*AI hairstyle*" feature of *the Meitu app* gained immense popularity in Indonesia, we quickly rolled out our operational strategy across Southeast Asia. This helped the product reach the top of the iOS App Store category charts in Vietnam within seven days in December, with its highest overall ranking being third.

Under the strategic direction of "Productivity and Globalisation", we achieved significant breakthroughs in 2024:

Regarding globalisation, as of December 2024, MAU from the markets outside of Mainland China grew by 22% YoY to 94.51 million, accounting for 36% of the total MAU. In our exploration of globalisation, we gradually developed a growth strategy combining Product-Led Growth (PLG) with social media amplification. On the product side, leveraging a global perspective, we carried out more localized product development to cater to the diverse needs of different countries and regions. Meanwhile, AI technology enhanced feature effectiveness and expanded innovation opportunities. On the operational side, we used social media strategies like influencer marketing to amplify the product's reach. A typical success story is *BeautyCam*: it launched the "*AI Wardrobe*" feature in February 2025, and has reached over 72 million MAU worldwide and topped the iOS App Store overall rankings in 12 countries and regions, including Singapore, Thailand, and Vietnam.

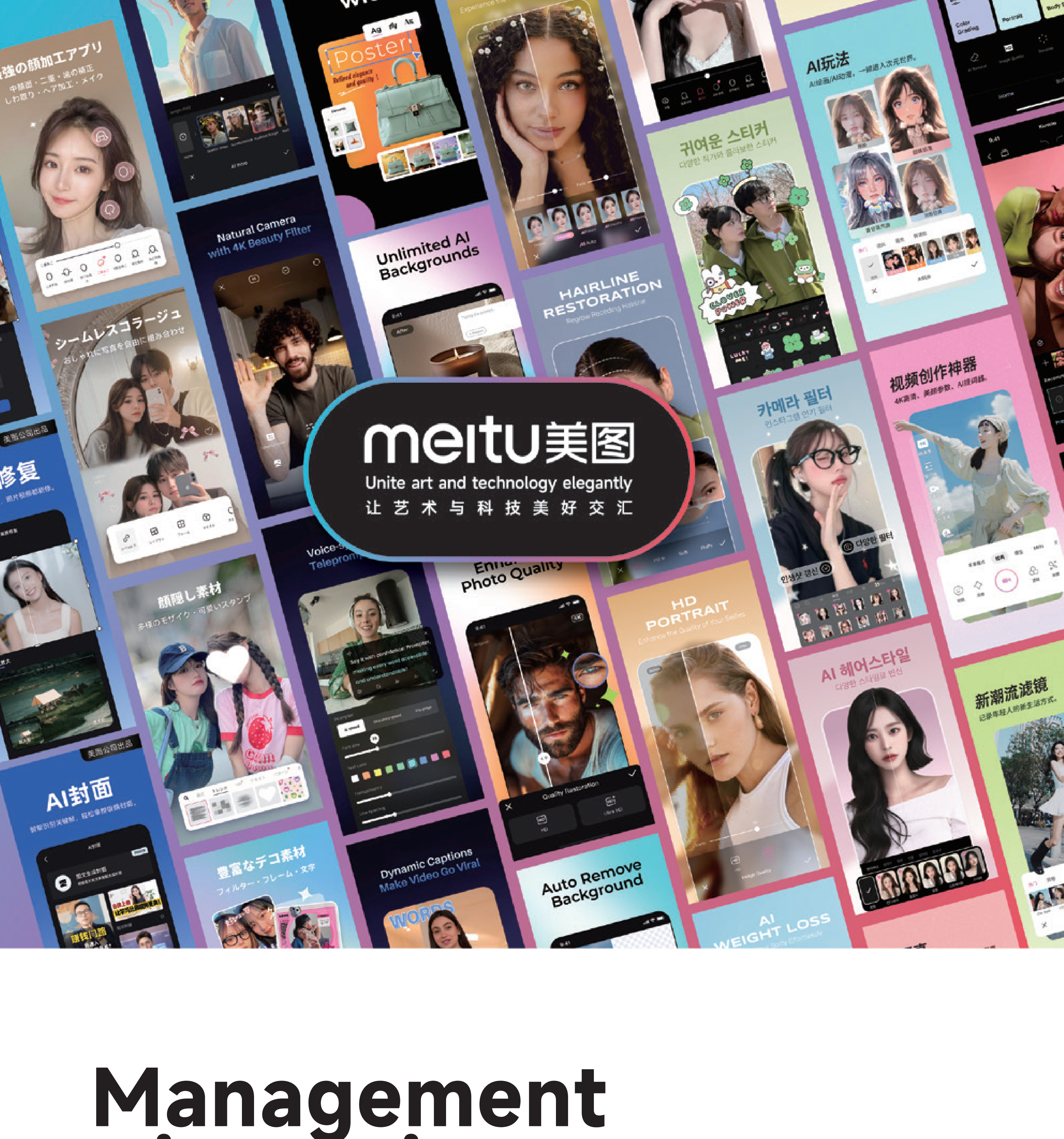
In terms of our productivity strategy, we believe that the development of AI not only accelerates the penetration of productivity tools into traditional workflows but also lowers the barriers to creation, generating new value increments. We focus on the demand pain points of vertical scenarios, encapsulating model capabilities into products and balancing controllability and ease of use to enhance product strength. For example, the "*AI product image*" feature of *DesignKit* does not merely provide image generation capabilities; instead, it is tailored for vertical e-commerce scenarios such as home goods, jewelry, and digital products, generating images that blend design aesthetics and sales conversion potential.

As Meitu's third growth curve looking towards the future, productivity tools have made considerable progress over the past year. As of December 31, 2024, the number of paying subscribers of AI-driven *DesignKit* reached 1.13 million (as of December 31, 2023: approximately 870,000), with product revenue doubling YoY in 2024. Additionally, *Kaipai*, focused on talking head video, exceeded expectations with its MAU surpassing one million as of December 2024. Compared to the markets of Mainland China, global users show a stronger willingness to pay for productivity tools and have more rigid payment demands. In 2024, we launched commercial photography design and talking head video products for markets outside of Mainland China and established localized teams in regions such as the West Coast of the United States and Sydney. We anticipate that the global productivity market will become the most crucial engine driving long-term performance growth.

APPRECIATION

Finally, on behalf of everyone at Meitu, I would like to express our sincere gratitude to all of our users. I would also like to thank our employees and management team for embodying Meitu's core values in their daily work and for executing the Group's strategy with professionalism, integrity, and dedication. To "Unite art and technology elegantly", Meitu is developing outstanding Photo, video and design products that streamline the production of photo, video and design, while striving to advance industry digitalization through solutions for beauty industry.

Mr. WU Zeyuan
Chairman



Management Discussion and Analysis

Management Discussion and Analysis

YEAR ENDED DECEMBER 31, 2024 COMPARED TO YEAR ENDED DECEMBER 31, 2023

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	**3,340,761**	2,695,738
Cost of sales	**(1,046,550)**	(1,039,862)
Gross profit	**2,294,211**	1,655,876
Selling and marketing expenses	**(483,400)**	(428,188)
Administrative expenses	**(399,889)**	(300,915)
Research and development expenses	**(910,703)**	(635,484)
Net impairment losses on financial assets	**(2,751)**	(18,852)
Other income	**23,618**	68,642
Other losses, net	**(364,785)**	(41,106)
Reversal of impairment losses and disposal gains on cryptocurrencies	**639,556**	268,069
Impairment losses on intangible assets	**–**	(155,266)
Finance income, net	**50,664**	44,366
Shares of losses of investments accounted for using the equity method	**(23,668)**	(19,057)
Profit before income tax	**822,853**	438,085
Income tax expense	**(16,693)**	(71,667)
Profit for the year	**806,160**	366,418
Profit/(Loss) attributable to:		
– Owners of the Company	**805,176**	378,293
– Non-controlling interests	**984**	(11,875)
Non-IFRSs measure:		
Adjusted Net Profit/(Loss) attributable to		
– Owners of the Company(1)	**586,167**	368,297
– Non-controlling interests	**2,354**	(13,364)
	588,521	354,933

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

Management Discussion and Analysis

Revenue

Centring on the core strategies of "Productivity and Globalisation", we focus on the photo and video industry to provide our numerous individual customers and business users 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 can also generate revenue through advertising and marketing within photo and video applications. Meanwhile, we also engage in beauty industry services, which generate 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.

The following table presents our revenue lines and each line as percentages of our total revenues for the periods presented. For the year ended December 31, 2024, our total revenue increased by 23.9% to RMB3,340.8 million from RMB2,695.7 million for the year ended December 31, 2023. Such increase was primarily attributable to the deployment of AI technologies, which have been empowering our products, encouraging user payments and driving the rapid growth of revenue from subscription-based Photo, video and design products.

	Year ended December 31,			
	2024		2023	
	Amount RMB'000	**% of total revenues**	Amount RMB'000	% of total revenues
Photo, video and design products	**2,085,616**	**62.4%**	1,327,384	49.2%
Solutions for beauty industry	**384,574**	**11.5%**	569,158	21.1%
Advertising	**853,467**	**25.5%**	758,790	28.2%
Others	**17,104**	**0.5%**	40,406	1.5%
Total	**3,340,761**	**100%**	2,695,738	100%

Photo, video and design products

Our Photo, video and design products segment maintained strong growth momentum, with revenue increasing by 57.1% YoY to RMB2,085.6 million for the year ended December 31, 2024 (year ended December 31, 2023: revenue of RMB1,327.4 million). The growth in revenue scale was primarily driven by growth in paying subscribers of this business segment. As of December 31, 2024, the number of paying subscribers of our products reached 12.61 million, representing a YoY increase of 38.4%, with a subscription rate of 4.7%.

In the past year, the sustained fast growth in paying subscribers reflects our success in developing powerful Photo, video and design products with strong features to attract users to pay. Our unique product developing philosophy for Photo, video and design products centers on uniting art and technology elegantly, devoting to provide products with ultimate-performance for vertical use cases. We can always maintain a profound insight into users' aesthetic needs and the forefront trend of photo and video development. Meanwhile, we continued driving product effects through AI technology. We have consistently launched high-quality photo and video editing features that cater to users' pursuit for advanced visual design and high-quality photo retouch effects. For example, AI-powered features such as the "*Clay*" filter, "*Meme Effects*" and "*AI Wardrobe*" had gone viral on social media since 2024, driving growth of paying subscribers and validating our art-tech fusion capabilities in creating quality products.

Management Discussion and Analysis

Except for product ideation, our unique growth strategy also enabled us to build successful products. Leveraging on our massive MAU base, we continued to identify and validate emerging needs, developed high-potential products accordingly, and rapidly validated their feasibility through quick launch, followed by continuous iteration to drive the rapid growth of these new potential products, thereby contributing to overall user growth. A prime example is the AI video editing app *Wink* originating from the video beautification module of *the Meitu app*. After validating user demand through the established *Meitu app*, we officially launched the video editing tool *Wink* in 2022. Through continuous iterations after the quick launch, *Wink*'s MAU has surpassed 30 million by the end of December 2024, making it the third-largest application in the Company's product portfolio, following *the Meitu app* and *BeautyCam*.

Based on our unique product developing philosophy and growth strategy, we continued to effectively implement the "Productivity and Globalisation" strategy:

In terms of the globalisation, as of December 31, 2024, MAU of markets outside of Mainland China grew 22% YoY to 94.51 million. In the exploration of globalisation, we have gradually developed a more effective growth method. On the product front, AI-driven innovation enables us to launch products with extremely strong effects and creativity. On the operation front, we applied KOL marketing to amplify product visibility, achieving broader user penetration. For example, at the beginning of 2025, a recent success is the "*AI Wardrobe*" feature in *BeautyCam*. This feature provides users with realistic and aesthetically pleasing virtual outfit changes effects, quickly generated organic word-of-mouth among Thai users. The team identified this feature's tremendous potential and promptly promoted it through collaborations with KOLs on social media. This ultimately propelled *BeautyCam* to the top of the iOS App Store's overall rankings in terms of MAU in 12 countries and regions, including Singapore, Malaysia, Thailand, and Vietnam and others. Additionally, it reached the top of the "Photography & Video" category on Google Play in 17 countries, including the United States, United Kingdom, and South Korea and others. We anticipate that through effective collaboration between strong product and promotion, we will be able to consistently launch globally scalable features to drive user growth across global markets.

In terms of the productivity tools, we observe substantial global market potential for photo and video related productivity tools, particularly in some countries where users exhibit strong willingness to pay for such tools. Currently, revenue scale from companies that focus on visual-related productivity tools is significantly bigger than those focusing on Products for leisure. Last year, we also launched our commercial photography and design product and talking head video product for markets outside of Mainland China.

In fact, our productivity tools have achieved remarkable results over the past year. As of December 31, 2024, online design tool *DesignKit* achieved annual revenue of approximately RMB200 million, doubling revenue size YoY. Additionally, talking head video production tool *Kaipai* has also performed beyond expectations. In terms of user amount, it has now become the number one application for "talking head video production" in Mainland China.

These achievements and the valuable experience we have accumulated make us confident about expanding our productivity tools in the global market.

Solutions for beauty industry

For the year ended December 31, 2024, revenue from solutions for beauty industry decreased by 32.4% YoY to RMB384.6 million (year ended December 31, 2023: revenue of RMB569.2 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-core strategic business, 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

Advertising

Our advertising business continued its growth trend. For the year ended December 31, 2024, revenue from advertising increased by 12.5% YoY to RMB853.5 million (year ended December 31, 2023: revenue of RMB758.8 million). In terms of the type of advertisement, our programmatic advertisement performed particularly well, with a revenue growth rate of 35% YoY. Such growth was mainly attributable to our optimization of programmatic advertising operations. For example, we upgraded our advertising bidding systems to enable more advertisers to bid in real time, which enhanced the unit price of our advertising bidding. We also optimized our advertising quality and placement precision to increase the click-through rate of our advertisements, which in turn drove the growth of our revenue from advertising.

Others

For the year ended December 31, 2024, other revenue from the Group decreased by 57.7% YoY to RMB17.1 million (year ended December 31, 2023: revenue of RMB40.41 million). Other businesses are mainly traditional businesses that are not related to the strategy of "Productivity and Globalisation".

Cost of sales

For the year ended December 31, 2024, our costs of sales increased to RMB1.0466 billion, representing an increase of 0.6% from RMB1.0399 billion for the year ended December 31, 2023, remaining largely stable. Specifically:

The largest cost was revenue sharing fee to payment channels, which grew by 46.4% YoY to approximately RMB430 million. This portion of cost mainly arose from the revenue sharing fee to payment channels such as Apple and Google for our subscription business, which increased in line with the growth of the number of global paying subscribers.

The second largest cost was inventory goods, which decreased by 35.4% YoY to approximately RMB331 million. This cost was mainly related to solutions for beauty industry. In 2024, we did not pursue an expansion of the revenue scale of solutions for beauty industry but focused on selling products with higher gross margins instead. As a result, the revenue of this business decreased, leading to a reduction in related costs.

The third largest cost was computing power and cloud-related costs, which increased by 25.3% YoY to approximately RMB200 million, nearly half of which was attributable to inference-related computing power costs.

Gross Profit and Margin

Our gross profit for the year ended December 31, 2024 was RMB2,294.2 million, a 38.5% increase from RMB1,655.9 million for the year ended December 31, 2023. Our gross margin increased to 68.7% for the year ended December 31, 2024, from 61.4% for the same period last year, due to the high gross margin of our Photo, video and design products, coupled with their continuously increasing proportion in total revenue, driving a dual YoY increase in both the Group's overall gross profit and gross margin.

Research and Development Expenses

Research and development expenses were RMB910.7 million for the year ended December 31, 2024, representing a 43.3% increase from RMB635.5 million for the same period last year, mainly due to increased expenses related to GenAI training (particularly the large vision model training). Last year, the training costs for large vision models were approximately RMB140 million. In addition, the increase in research and development expenses were also related to a significant rise in personnel salaries. Specifically, the increase in the number of employees engaged in product research and development led to a substantial YoY increase in research and development salaries compared to that of 2023. In the long term, this initiative is expected to enhance the Company's competitiveness in the core vision field.

Selling and Marketing Expenses

Selling and marketing expenses were RMB483.4 million for the year ended December 31, 2024, representing a 12.9% increase from RMB428.2 million for the year ended December 31, 2023, mainly due to the YoY rise in promotion expenses for Photo, video and design products in the global markets. The increase in international market promotion was primarily for Products for leisure, while the growth in market promotion for the markets of Mainland China was mainly for the promotion of productivity tools.

Administrative Expenses

Administrative expenses were RMB399.9 million for the year ended December 31, 2024, representing a 32.9% increase from RMB300.9 million for the same period last year. This was mainly due to the higher personnel costs resulting from the acquisition of Zcool Network Group Companies, as well as increased amortization and depreciation and rental expenses due to the relocation to a new building and a new office.

Reversal of impairment losses and disposal gains on cryptocurrencies

In accordance with the relevant accounting standards under IFRSs, the Group accounts for the acquired cryptocurrencies as intangible assets and adopts the cost model for the measurement.

The Group purchased an aggregate of approximately 31,000 units of Ether and 940 units of Bitcoin pursuant to the Cryptocurrency Investment Plan in March and April 2021, respectively at an aggregate cash consideration of US$50.5 million and US$49.5 million, respectively. Cryptocurrencies purchased and held by the Group had been assessed based on each type of cryptocurrencies for impairment testing. The Group carried out impairment tests for Ethers and Bitcoins, separately. 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 RMB68.1 million was recognized during the year ended December 31, 2024, which was the reversal of impairment losses in relation to the Bitcoins acquired by the Group. As of December 4, 2024, the Group had disposed of a total of approximately 31,000 units of Ether and 940 units of Bitcoin at an aggregate cash consideration of approximately US$100 million and US$80 million, respectively, resulting in a gain on disposal of US$79.63 million (equivalent to approximately RMB571 million).

Further details of the disposal of cryptocurrencies are set out in the announcement of the Company dated December 4, 2024 and the section headed "Management Discussion and Analysis – Significant Investments Held" of this annual report.

Other Income

Other income for the year ended December 31, 2024 decreased to RMB23.62 million from RMB68.64 million for the year ended December 31, 2023, primarily due to a decrease in government grants.

Other Losses, Net

Other losses, net were RMB364.8 million for the year ended December 31, 2024, compared to a net loss of RMB41.1 million for the year ended December 31, 2023, primarily attributable to (i) a RMB316.7 million decrease in fair value of the Group's financial assets at fair value through profit or loss; (ii) impairment provisions of RMB35.2 million due to investments in associates and joint ventures; (iii) a RMB26.8 million increase in fair value of the Group's convertible redeemable preferred shares.

Management Discussion and Analysis

Finance Income, Net

Finance income, net mainly comprised of bank interest income and foreign exchange gains. Our finance income, net increased by 14.2% to RMB50.66 million for the year ended December 31, 2024, from RMB44.37 million for the year ended December 31, 2023, primarily due to the increase in foreign exchange gains and bank interest income.

Income Tax Expense

Income tax expenses for the year ended December 31, 2024 were RMB16.69 million, compared to RMB71.67 million for the year ended December 31, 2023, mainly due to the reversal of deferred tax liabilities recognized in previous years resulting from the fair value changes of the Group's investments.

Profit/(Loss) for the Year and Non-IFRSs Measure: Adjusted Net Profit/(Loss)

Net profit for the year ended December 31, 2024 increased to RMB806.2 million from RMB366.4 million for the year ended December 31, 2023, primarily due to: (i) the incremental profit contribution from the core business. Under the empowerment of AI technology, the strong growth momentum in the revenue of our Photo, video and design products business, which has relatively high gross margins, with the operating expense growth remaining below the gross profit growth, contributed to the profit growth; and (ii) positive influence from the comprehensive changes resulting from a significant one-off gain brought by the disposal of cryptocurrencies, which was partially offset by changes in the fair value of the Group's long-term investments.

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 annual 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 this non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

Adjusted Net Profit attributable to Owners of the Company was RMB586.2 million for the year ended December 31, 2024, compared to RMB368.3 million for the year ended December 31, 2023, primarily driven by the revenue growth in our high-margin core business of Photo, video and design products powered by AI technologies, while the operating expense growth remained below the gross profit growth, which contributed to the profit growth. 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.

Management Discussion and Analysis

The following table reconciles our Adjusted Net Profit/(Loss) for the year ended December 31, 2024 and 2023 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended December 31,					
	2024			2023		
	Total RMB'000	Owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000	Owners of the Company RMB'000	Non-controlling interests RMB'000
Profit/(Loss) for the year	**806,160**	**805,176**	**984**	366,418	378,293	(11,875)
Excluding:						
Share-based compensation	**84,290**	**84,290**	**–**	51,079	53,935	(2,856)
Fair value fluctuations of financial assets at fair value through profit or loss and convertible redeemable preferred shares	**343,424**	**343,424**	**–**	72,652	72,652	–
Remeasurement losses on consideration payable to non-controlling shareholders of a subsidiary	**–**	**–**	**–**	40,970	40,970	–
Amortization of intangible assets and other expenses related to acquisition	**9,835**	**8,221**	**1,614**	13,844	12,235	1,609
Reversal of impairment losses and disposal gains on cryptocurrencies	**(639,556)**	**(639,556)**	**–**	(268,069)	(268,069)	–
Impairment losses on intangible assets	**–**	**–**	**–**	155,266	155,266	–
Losses on disposal of financial assets at fair value through profit or loss	**13,012**	**13,012**	**–**	–	–	–
Impairment provisions for investments in associates and joint ventures	**35,170**	**35,170**	**–**	–	–	–
Tax effects	**(56,564)**	**(56,320)**	**(244)**	(9,927)	(9,685)	(242)
Others	**(7,250)**	**(7,250)**	**–**	(67,300)	(67,300)	–
Adjusted Net Profit/(Loss) attributable to	**588,521**	**586,167**	**2,354**	354,933	368,297	(13,364)

Non-controlling Interests

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

Management Discussion and Analysis

Liquidity and Financial Resources

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

	December 31, 2024 RMB'000	December 31, 2023 RMB'000
Cash and cash equivalents	**1,301,412**	640,629
Short-term bank deposits and current portion of long-term bank deposits	**1,398,154**	532,959
Long-term bank deposits	**42,405**	90,000
Short-term investments	**256,880**	140,850
Cash and other liquid financial resources	**2,998,851**	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 revenue 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 United States dollar, Renminbi 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 throughout the year ended December 31, 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.

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 domain name and computer software.

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Purchase of property and equipment	**46,323**	47,363
Purchase of intangible assets	**6,650**	4,640
Total	**52,973**	52,003

Management Discussion and Analysis

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" below, 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.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Investment in financial assets at fair value through profit or loss	**244,105**	328,067
Investment in associates in the form of ordinary shares	**12,002**	6,875
Investment in a joint venture	**10,000**	10,000
Total	**266,107**	344,942

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 years ended December 31, 2024 and 2023.

Pledge of Assets

As of December 31, 2024, we pledged a restricted deposit of RMB300,000 (as of December 31, 2023: RMB300,000) to guarantee payment of certain operating expenses and term deposits of RMB32,837,000 as collateral for a bank borrowing.

Contingent Liabilities

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

Dividends

The Board has decided to recommend the payment of a final dividend of HK$0.0552 per ordinary share of the Company (the "**Final Dividend**") out of the Share Premium Account for the year ended December 31, 2024 (2023: HK$0.036 per ordinary share of the Company), totaling approximately HK$251.8 million (equivalent to approximately RMB234.2 million). A circular containing, inter alia, further information about the Final Dividend out of the Share Premium Account will be dispatched as soon as possible.

As no interim dividend has been paid, the total dividend for the year ended December 31, 2024 will amount to HK$0.0552 per ordinary share of the Company (2023: HK$0.036 per ordinary share of the Company), reflecting a dividend payout ratio of approximately 40% based on the Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2024.

As at the Latest Practicable Date, the Company has an aggregate of 4,562,433,408 issued ordinary shares of par value US$0.00001 each in issue. Based on the number of issued ordinary shares of the Company as at the Latest Practicable Date, the Final Dividend, if declared and paid, will amount to an aggregate amount of approximately HK$251.8 million (equivalent to approximately RMB234.2 million). Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Final Dividend out of Share Premium Account" below, the Final Dividend is intended to be paid out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles and in accordance with the Companies Act.

As of December 31, 2024, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB7,104 million (equivalent to approximately HK$7,695 million). Subsequently, a special dividend of HK$0.109 per ordinary share of the Company totalling approximately HK$496.8 million (equivalent to approximately RMB458.6 million) was declared on February 11, 2025 and paid in cash out of the Share Premium Account on February 27, 2025 out of which only a total of HK$1,972 (equivalent to approximately RMB1,834) remained unclaimed as of the Latest Practicable Date. Based on the number of issued ordinary shares of the Company as at the Latest Practicable Date and assuming that there will be no further change to the amount standing to the credit of the Share Premium Account immediately before payment of the Final Dividend, following the payment of the Final Dividend, there will be a remaining balance of approximately RMB6,412 million (equivalent to approximately HK$6,894 million) standing to the credit of the Share Premium Account.

Conditions of the Payment of Final Dividend out of Share Premium Account

The payment of the Final Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the Shareholders at the forthcoming annual general meeting of the Company declaring and approving the payment of the Final Dividend out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles; and

(b) the directors of the Company being satisfied that the Company will, immediately following the date on which the Final Dividend is paid, be able to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Final Dividend will be paid in cash on June 26, 2025 to those Shareholders whose names appear on the register of members at close of business on June 13, 2025.

The Final Dividend is not subject to any withholding tax.

As at the Latest Practicable Date, no treasury shares are held by the Company (including any treasury shares held or deposited with the Central Clearing and Settlement System (CCASS)). Treasury shares of the Company (if any) would not receive the Final Dividend.

The conditions set out above cannot be waived. If any of the conditions set out above is not satisfied, the Final Dividend will not be paid.

Borrowings and Gearing Ratio

As of December 31, 2024, we made bank borrowings of RMB102.89 million at an annualized interest rate of 2.46% (as of December 31, 2023: RMB14.98 million at an annualized interest rate of 3.77%). Therefore, the gearing ratio of the Group was 2.04% as of December 31, 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 2,416 full-time employees as of December 31, 2024 (as of December 31, 2023: 1,968), a majority of whom were based in various cities in the PRC, including Xiamen (headquarters), 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, the Post-IPO Share Award Scheme, the 2024 Share Award Scheme, the EveLab Insight Share Award Scheme and the Pixocial Share Option Scheme. During the year ended December 31, 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.

Guarantee Agreements

On March 26, 2025, (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**"), Xiamen Ruisheng Tianhe Media Technology Co., Ltd. (廈門睿晟天和傳媒科技有限公司) ("**Ruisheng Xiamen**"), Chengdu Ruisheng Tianhe Media Technology Co., Ltd. (成都睿晟天和傳媒科技有限公司) ("**Ruisheng Chengdu**" together with Ruisheng Tianhe and Ruisheng Xiamen, the "**Ruisheng Companies**"), (iii) Beijing Toutiao Information Technology Co., Ltd. (北京今日頭條信息技術有限公司) ("**Toutiao**"), and (iv) Wuhan Xingtujiahua Technology Co., Ltd. (武漢星圖新視界科技有限公司) ("**Wuhan Star**" together with Toutiao, "**Creditors**") 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 the Creditors (as creditor) under the certain agency data promotion business cooperation agreement, E-commerce marketing service provider business cooperation agreement, and agency partner cooperation agreement entered into between the Ruisheng Companies and the Creditors (the "**Master Contracts**").

The guarantee provided by Meitu Networks under the Guarantee Agreement covers all obligations of the Ruisheng Companies under the Master Contracts, including but not limited to all payments owed to the Creditors, late fees, penalty fees, compensation for damages, any costs incurred due to the Ruisheng Companies' breach of the Master Contracts, and all losses to be compensated. Additionally, the guarantee covers the Creditors' costs incurred in realizing their creditor and guarantee rights (including but not limited to investigation fees, litigation fees, enforcement fees, preservation fees and related guarantees or insurance fees, attorney fees, appraisal fees, auction fees, announcement fees, service delivery fees, etc.).

The period of guarantee for Meitu Networks is three (3) years after the date when the performance period for the obligations under the Master Contracts expires. If the debt repayment period is extended, the guarantee period will be three (3) years after the new expiration date agreed upon in the extension agreement. If the debt matures early, the guarantee period will be three (3) years after the early maturity date. If the debts under the Master Contracts are repaid in installments, the guarantee period for each installment will be three (3) years after the expiration date of each installment until three (3) years after the expiration date of the final installment under the Master Contracts.

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.

Management Discussion and Analysis

Significant Investments Held

Investments in Cryptocurrency

During the year ended December 31, 2024, the Group had, pursuant to the Cryptocurrency Investment Plan, held approximately 31,000 units of Ether (the "**Acquired Ether**") and 940 units of Bitcoin (the "**Acquired Bitcoin**"). The Group had been selling the Acquired Ether and Acquired Bitcoin during 2024 and as of December 4, 2024, the Group had sold all of its Acquired Ether and Acquired Bitcoin with total proceeds from disposals amounting to approximately US$100 million and US$80 million, respectively (equivalent to approximately 10.20% and 8.16% of the Group's total assets as of December 31, 2024, respectively). The Group no longer held any Ether or Bitcoin since December 4, 2024. The Acquired Ether and the Acquired Bitcoin were purchased at an aggregate cost of US$50.5 million and US$49.5 million, respectively during the year of 2021 and the Group achieved substantial gains from the sales of cryptocurrencies in the amount of US$79.63 million (equivalent to RMB571.4 million).

As disclosed in the announcements of the Company dated December 4, 2024, January 16, 2025 and February 11, 2025, 80% of the net proceeds from the disposals of the Acquired Ether and Acquired Bitcoin were paid as special dividend of HK$0.109 per ordinary share of the Company in cash out of the Share Premium Account to the Shareholders, with the remaining net proceeds being used as general working capital to expand the Group's business focusing on paid subscription-based Photo, video and design products.

Further details of the acquired cryptocurrencies and its disposals 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, July 14, 2023, December 4, 2024, January 16, 2025 and February 11, 2025.

Save as disclosed above and in the section headed "Management Discussion and Analysis – Material Acquisitions and Disposals of Subsidiaries, Associates and/or Joint Ventures" in this annual report, during the year ended December 31, 2024, we did not conduct any acquisitions or disposals that constituted notifiable transactions for the Company.

Minority Investments

Meitu Networks owns approximately RMB1.41 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 year ended December 31, 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 as of December 31, 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 December 31, 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 December 31, 2024, the Group continues to hold a total of approximately 23.81% equity interest (with preferential rights) in Hujia Technology. During the year ended December 31, 2024, the Group had dividends from Hujia Technology in the amount of RMB8.15 million.

Management Discussion and Analysis

The fair value of the Group's equity interests in Hujia Technology ("**Hujia Technology Equity Interests**") as at December 31, 2024 pursuant to a valuation report issued by a professional valuer on March 14, 2025 was approximately RMB698.2 million (equivalent to approximately 9.9% of the Group's total assets as at December 31, 2024). As of December 31, 2024, the Group recorded an unrealised loss of approximately RMB1.9 million in relation to its equity interests in Hujia Technology.

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 "Management Discussion and Analysis – 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 year ended December 31, 2024.

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 annual report, the Group did not have any other plans for material investments and capital assets as of December 31, 2024.

Material Acquisitions and Disposals 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 up to 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 up to US$21,856,324 (equivalent to approximately HK$170,870,555) were paid or payable 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 has become an indirect wholly-owned subsidiary of the Company and the financial results of the Zcool Network Group Companies have 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 (the "**First Announcement**" and "**Completion Announcement**" respectively, and collectively, the "**Zcool Announcements**").

As disclosed in the Zcool Announcements, the portion of the cash consideration payable to the Zcool Founder Holdcos in the maximum total amount of US$2,133,035 (the "**Founder Second Tranche Cash Consideration**") is not payable by Meitu Investment unless, among others, the specified performance targets in respect of the Zcool Network Group Companies are achieved for the year of 2024 (for this purpose, the aggregate of the completion ratios in respect of fulfilment of each performance target in respect of the Zcool Network Group Companies as specified in and as calculated pursuant to the Zcool SPA (the "**Total Completion Ratio**") shall reach at least 60%) (the "**Performance Targets**").

Details of the Performance Targets and the calculation methods of each completion ratio and the Total Completion Ratio are contained in the Completion Announcement. Further details on the fulfilment of the Performance Targets are set forth in the announcement of the Company dated March 27, 2025. Since the Total Completion Ratio is 96.75%, the Board considers that the Performance Targets have been fulfilled as to 96.75% (representing a shortfall of 3.25%). Therefore, pursuant to the Zcool SPA, the amount of the Founder Second Tranche Cash Consideration payable by Meitu Investment to each Zcool Founder Holdco shall be 96.75% of the maximum amount of the Founder Second Tranche Cash Consideration as specified in the First Announcement, being an aggregate amount of US$2,063,711.37. Accordingly, the Founder Second Tranche Cash Consideration was paid in cash to the relevant accounts designated by the Zcool Founder Holdcos on April 2, 2025.

Save for the Performance Targets, there is no other performance-related guarantee nor any option or similar rights available to Meitu Investment to sell any equity interest in Zcool Network or its business back to the Zcool Vendors under the Zcool SPA.

Save as disclosed above, we did not conduct any other material acquisition or disposal of subsidiaries, associates and/or joint ventures during the year ended December 31, 2024.

Directors and Senior Management

OUR DIRECTORS

The following table presents certain information in respect of the members of our Board as at the Latest Practicable Date.

Members of our Board

Name	Age	Position/Title	Date of Appointment
Mr. WU Zeyuan *(also known as Mr. WU Xinhong)*	44	Executive Director, Chairman and Chief Executive Officer	July 2013
Dr. GUO Yihong	61	Non-executive Director	January 2014
Mr. CHEN Jiarong	36	Non-executive Director	June 2020
Mr. HONG Yupeng	48	Non-executive Director	June 2023
Mr. ZHOU Hao	48	Independent Non-executive Director	November 2016
Mr. LAI Xiaoling	49	Independent Non-executive Director	January 2019
Ms. POON Philana Wai Yin *(appointed on June 5, 2024)*	57	Independent Non-executive Director	June 2024

The biography of each Director is set out below:

Executive Director

Mr. WU Zeyuan (吳澤源) (also known as: Mr. Wu Xinhong (吳欣鴻)), aged 44, is a founder, executive Director and the Chief Executive Officer and Chairman of our Group. Mr. Wu is responsible for the overall management of the Company. Mr. Wu is also a director of Meitu Investment, Meitu HK, Pixocial Holdings, Pixocial Software Limited, Pixocial Singapore, Pixocial Internet (Xiamen) Technology Co., Ltd. (像素互聯(廈門)科技有限公司), Starii Holdings, Inc., Starii Tech Pty Ltd, EveLab Insight, EveLab Insight HK, MeituEve Technology, Meitu Mobile, Meitu Networks, MeituEve Networks and Meitu Home. Mr. Wu has been involved in the Internet industry in the PRC since 2000. Mr. Wu completed his undergraduate studies in business administration at Dongbei University of Finance & Economics (東北財經大學) in January 2019, and received his high school diploma from Quanzhou No. 1 High School (泉州第一中學) in the PRC in July 2001. Mr. Wu began developing and researching photo-editing software in 2008. Mr. Wu has created and launched one popular product after another, from 520.com to Martian Translator (火星文輸入法), a software program for converting ordinary language into netspeak consisting of unconventional Chinese characters.

Directors and Senior Management

Non-executive Directors

Dr. GUO Yihong (過以宏), aged 61, was appointed as a non-executive Director since January 2014. Dr. Guo received his bachelor's degree in applied chemistry from the Shanghai Jiaotong University (上海交通大學) in July 1985, Ph.D. from the University of Massachusetts at Amherst in February 1991, and a master's degree in business administration from Columbia Business School in May 1997. In 1999, Dr. Guo was employed at Soros Fund Management LLC. Since 2006, Dr. Guo served as a partner at IDG Capital (IDG資本). From March 2017 to October 2024, Dr. Guo served as a director at Pony AI Inc (NASDAQ: PONY).

Mr. CHEN Jiarong (陳家荣), aged 36, was appointed as a non-executive Director of our Company on June 3, 2020. Mr. Chen was a founder and the chief executive officer of Kingkey Enterprise Holdings Limited between July 2014 and May 2019, and was responsible for managing and overseeing a direct investment portfolio with a size of over HK$2 billion, and directing all organizational operations, policies, and objectives to maximize productivity and returns. Between July 2012 and June 2014, Mr. Chen was a business manager at Ping An Securities Limited in Shenzhen (the PRC), providing financial advice and support to clients and formulating strategic and long-term business plans.

Mr. Chen graduated from the University of British Columbia with a bachelor of arts degree in economics in 2012.

Mr. Chen served as the chairman and non-executive director of Kingkey Intelligence Culture Holdings Limited (formerly known as KK Culture Holdings Limited) (Stock Exchange Stock Code: 550) between January 2017 and November 2018, and also as a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd (深圳市京基智農時代股份有限公司) (Shenzhen Stock Exchange Stock Code: 48) since November 2022.

Mr. HONG Yupeng (洪育鵬), aged 48, was appointed as a non-executive Director and a member of the Audit Committee of our Company on June 1, 2023. Mr. Hong is the chief executive officer and partner of Longling Investment Co., Ltd. (隆領投資股份有限公司) from July 2015, and the executive director and general manager of Xiamen Longling Asset Management Co., Ltd. (廈門隆領資產管理有限公司) from August 2022, each of which principally engages in venture capital investments primarily in technology related start-up companies with the attitude of embracing change and the future.

Between March 2014 and July 2015, Mr. Hong served as the vice president of our indirect wholly-owned subsidiary, Xiamen Home Meitu Technology Co., Ltd. (廈門美圖之家科技有限公司). From August 2011 to February 2014, he was the deputy general manager and board secretary of 4399 Net Limited (四三九九網絡股份有限公司), a PRC gaming company headquartered in Xiamen that is principally engaged in the development and distribution of web games, online mobile games and the operation of internet gaming platforms. Between March 2007 and August 2011, he was a practising lawyer at Beijing Shanggong Law Firm (北京市尚公律師事務所) and from September 2003 to March 2007, he was a practising lawyer at Fujian Shili Lawyer Office (福建世禮律師事務所).

Mr. Hong graduated from Fuzhou University (福州大學) with a bachelor's degree in Industrial Management Engineering in July 1997 and also a Juris Master from Xiamen University (廈門大學) in July 2003.

Mr. Hong served as an independent non-executive director of FinTech Chain Limited (Australian Securities Exchange: FTC) from January 2021 to December 2024.

Directors and Senior Management

Independent Non-executive Directors

Mr. ZHOU Hao (周浩), aged 48, was appointed as an independent non-executive Director, chairman of the Audit Committee and member of the Nomination Committee since Listing and a member of the Remuneration Committee on June 5, 2024. Mr. Zhou is our Director with appropriate professional accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules. Mr. Zhou received his bachelor's degree from Shanghai International Studies University (上海外國語大學) in July 1998. Mr. Zhou joined General Electric (China) Co., Ltd. (通用電氣(中國)有限公司) in January 2007 as a financial manager. From May 2009 to September 2010, Mr. Zhou was the vice president of finance and the chief financial officer at Wuxi PharmaTech (Cayman) Inc. (NYSE: WX).

In September 2010, Mr. Zhou joined CITIC Pharmaceutical Co Ltd. (中信醫藥實業有限公司), a pharmaceutical service provider that supplies medicine and related consumables to hospitals, as chief financial officer. From June 2011 to September 2019, Mr. Zhou was the chief financial officer of 58.com Inc., (NYSE: WUBA), a company that operates online marketplace serving local merchants and consumers in the PRC, and was subsequently redesignated as head of international business in September 2019 and its chief strategic officer in April 2020. In November 2020, he was further redesignated as chief strategy officer of Anjuke Group Inc., the housing subsidiary of 58.com Inc., and had served such role until March 2023.

Mr. Zhou has also been an independent non-executive director of (i) Bairong Inc. (Stock Exchange Stock Code: 6608) since March 2021, (ii) Angelalign Technology Inc. (Stock Exchange Stock Code: 6699) since April 2023 and (iii) WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司*) (Stock Exchange Stock Code: 2268) since November 2023.

Mr. LAI Xiaoling (賴曉凌), aged 49, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee since January 1, 2019. Mr. Lai has over 15 years of experience in investment and business management. Between January 2018 and May 2021, Mr. Lai has been a partner of Beijing Shunwei Capital Investment and Consulting Company Limited (北京順為資本投資諮詢有限公司), primarily responsible for investment strategy, team formation and management and portfolio management; from June 2013 to December 2017, he was a partner of Innovation Work (Beijing) Investment Management and Consulting Company Limited (創新方舟(北京)投資管理諮詢有限公司), primarily responsible for investment strategy, personnel recruitment and training and portfolio management; from June 2012 to April 2013, he worked as the Investment Director for Chengwei Investment Advisory (Shanghai) Company Limited (成為投資諮詢(上海)有限公司); from October 2007 to February 2012, he worked as the Investment Manager and Vice President for Morningside TMT (Shanghai) Limited (晨創啟興(上海)投資管理諮詢有限公司), primarily responsible for deal sourcing, execution and portfolio management; and currently Mr. Lai is a partner at Shanghai Star Investment and Management Company Limited (上海適達投資管理有限公司) since December 1, 2024, responsible for investment strategy and investment management.

Mr. Lai obtained a bachelor's degree in engineering physics from Tsinghua University (清華大學) in July 1999, and a master's degree in business administration from The Chinese University of Hong Kong (香港中文大學) in December 2007.

Mr. Lai has also been an independent non-executive director of Feiyu Technology International Company Ltd. (Stock Exchange Stock Code: 1022) since November 2014.

Directors and Senior Management

Ms. POON Philana Wai Yin (潘慧妍), aged 57, was appointed as an independent non-executive Director on June 5, 2024 and appointed as a member of the Remuneration Committee and Nomination Committee on June 5, 2024. Ms. Poon has been an independent non-executive director of MIXUE Group (a company listed on the Stock Exchange, stock code: 2097) since December 2023. She was an independent non-executive director of Asia Satellite Telecommunications Holdings Limited ("**AsiaSat**", a company then listed on the Stock Exchange, stock code: 1135) from March 2018 to September 2019, and a non-executive director of AsiaSat since its privatization in September 2019 to March 2025. She was also an independent non-executive director of Forgame Holdings Limited (a company listed on the Stock Exchange, stock code: 484) from September 2013 to May 2018, and an independent non-executive director of AZ Electronic Materials S.A. (a company listed on the London Stock Exchange, stock ticker: AZEM) from 2012 to 2014.

With an education background in law, Ms. Poon has around 30 years of post-qualification experience both in-house and in private practice. In 2014, she was named by Asian Legal Business as Hong Kong's In-House Lawyer of the Year. In 2016, she was named by Asian Legal Business as Hong Kong's Woman Lawyer of the Year. In 2017, Ms. Poon and her legal and compliance team in The Hong Kong Jockey Club ("**HKJC**") was named as In-House Team of the Year (under 50 Lawyers) in Euromoney Legal Media Group's Asian Women in Business Law Awards.

From 2015 to 2020, Ms. Poon was the executive director of legal and compliance of HKJC. She was a member of HKJC's board of management as well as the company secretary of HKJC. From 1998 to 2015, Ms. Poon held various senior positions within the PCCW Group including group general counsel and company secretary. She has a wealth of experience in the telecommunications, media and information technology industries, as well as in the areas of mergers and acquisitions, corporate finance, corporate governance and advising on matters relating to the Listing Rules and the SFO. Before joining PCCW Group, Ms. Poon worked in various law firms from 1992 to 1998, including Lovells and Baker & McKenzie.

Ms. Poon obtained a doctor of law degree from Cornell University in May 1992 and a bachelor's degree in commerce from the University of Toronto in November 1989.

OUR SENIOR MANAGEMENT

The following table presents certain information concerning the senior management personnel of the Group as at the Latest Practicable Date, in addition to the executive Director listed above.

Name	Age	Position	Roles and responsibilities	Date of joining our Group
Mr. NGAN King Leung Gary (顏勁良)	41	Chief Financial Officer and Company Secretary	Overall financial strategy, investor relations and company secretarial matters	June 2015

Mr. NGAN King Leung Gary (顏勁良), aged 41, is our Chief Financial Officer and Company Secretary, and joined our Group in June 2015. He is also a director of Starii Tech Pty Ltd, a subsidiary of the Company. Mr. Ngan is primarily responsible for the overall financial strategy, investor relations and company secretarial matters of the Group. Between May 2012 and June 2015, Mr. Ngan held the positions of chief operating officer and chief financial officer at Forgame Holdings Limited (Stock Exchange Stock Code: 484), a mobile game and web game company listed on the Stock Exchange. Prior to that, he was the director and head of Hong Kong and China Internet research at UBS AG, where he worked from July 2006 to April 2012. Mr. Ngan received his bachelor of science degree in economics from the Wharton School, University of Pennsylvania in 2006. He has been a CFA Charterholder since 2010. Mr. Ngan was also the joint company secretary of Forgame Holdings Limited from February 2013 to November 2014, and has been appointed as an independent non-executive director of Pop Mart International Group Limited (Stock Exchange Stock Code: 9992) since its listing on the Stock Exchange in December 2020.

Directors and Senior Management

OUR COMPANY SECRETARY

Mr. NGAN King Leung Gary (顏勁良) was appointed as one of the joint company secretaries of our Company on August 2, 2016, and became the sole company secretary of our Company from December 15, 2019. See disclosure in "Directors and Senior Management – Our Senior Management" for the biography of Mr. Ngan.

OUR GENERAL COUNSEL

Mr. LAW Yat Yang Arthur (羅日陽), aged 41, was appointed as the General Counsel of the Group on September 18, 2017.

Prior to joining the Group, he was a Legal Counsel of Alibaba Group (Stock Exchange Stock Code: 9988; NYSE: BABA) from January 2017 to September 2017, primarily responsible for Alibaba Group's international cloud computing, online travel platform and IT equipment procurement businesses. Between February 2014 and January 2017, Mr. Law worked at Forgame Holdings Limited (Stock Exchange Stock Code: 484), with his last position being General Counsel & Company Secretary from June 2015. Between October 2010 and January 2014, Mr. Law worked as a Solicitor in the Corporate & Commercial Department of Messrs. Woo Kwan Lee & Lo.

Mr. Law was admitted as a solicitor of New South Wales (Australia) by the Supreme Court of New South Wales (Australia) in August 2007 and as a solicitor of Hong Kong by the High Court of Hong Kong in September 2010. He obtained a bachelor of applied finance degree and a bachelor of laws degree from Macquarie University, Sydney (Australia) in April 2007, a graduate diploma in legal practice from The College of Law (New South Wales, Australia) in August 2007, and a Postgraduate Certificate in Laws from the University of Hong Kong in June 2008.

Report of the Directors

The Board of the Company is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended December 31, 2024.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on July 25, 2013 as an exempted limited liability company under the Companies Act. The Company adopted and carries on business in Hong Kong under the name of "美圖之家", as approved by and registered with the Registrar of Companies on October 28, 2016 and November 7, 2016, respectively.

The Company's Shares were listed on the Main Board of the Stock Exchange on December 15, 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries and contractually controlled entities and their subsidiaries are (i) the development and provision of products that streamline the production of photo, video and design together with other AI-powered products and (ii) the provision of online advertising and other IVAS by offering a portfolio of innovative photo and community apps that enjoys popularity globally.

The analysis of the Group's revenues and contribution to results by business segments and the Group's revenues by geographical area of operations are set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of comprehensive income on page 147 of this annual report.

BUSINESS REVIEW

The business review of the Group for the year ended December 31, 2024 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 8 to 10 and pages 11 to 25 of this annual report. Description of principal risks and uncertainties that the Group may be facing can be found in the sections headed "Report of the Directors – Risks relating to the Contractual Arrangements" and "Report of the Directors – Risks relating to the MeituEve Contractual Arrangements" on pages 54 and 59 of this annual report. An account of the Company's environmental policies and performance, its compliance with the relevant laws and regulations that have a significant impact on the Company, and its key relationships with employees, customers and suppliers and others that have a significant impact on the Company and its performance is set out in the "Environmental, Social and Governance Report" on pages 87 to 139 of this annual report. The aforementioned sections form part of this report of the Directors.

Report of the Directors

DIVIDENDS

The Board has decided to recommend the payment of Final Dividend of HK$0.0552 per Share out of the Share Premium Account for the year ended December 31, 2024 (2023: HK$0.036 per Share), totaling approximately HK$251.8 million (equivalent to approximately RMB234.2 million) as at the Latest Practicable Date. As no interim dividend has been paid during the year ended December 31, 2024, the total dividend for the year ended December 31, 2024 will amount to HK$0.0552 per Share (2023: HK$0.036 per Share), reflecting a dividend payout ratio of approximately 40% based on the Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2024. In addition, a special dividend of HK$0.109 per Share in cash out of the Share Premium Account, totaling approximately HK$496.8 million (equivalent to approximately RMB458.6 million), was proposed by the Board on January 16, 2025 and approved by the Shareholders at the extraordinary general meeting of the Company held on February 11, 2025 and paid in cash out of the Share Premium Account on February 27, 2025 out of which a total of HK$1,972 (equivalent to approximately RMB1,834) remained unclaimed as of the Latest Practicable Date.

For further details, please refer to the section headed "Management Discussion and Analysis – Dividends" on pages 20 to 21 of this annual report.

As at the Latest Practicable Date, the Company had an aggregate of 4,562,433,408 Shares in issue. Based on the number of issued Shares as at the Latest Practicable Date, the Final Dividend, if declared and paid, will amount to an aggregate amount of HK$251.8 million (equivalent to approximately RMB234.2 million). Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Final Dividend out of Share Premium Account" below, the Final Dividend is intended to be paid out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles and in accordance with the Companies Act. As of December 31, 2024, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB7,104 million (equivalent to approximately HK$7,695 million). Based on the number of issued Shares as at the Latest Practicable Date and assuming that there will be no further change to the amount standing to the credit of the Share Premium Account immediately before payment of the Final Dividend, following the payment of the Final Dividend, there will be a remaining balance of approximately RMB6,412 million (equivalent to approximately HK$6,894 million) standing to the credit of the Share Premium Account.

Conditions of the Payment of Final Dividend out of Share Premium Account

The payment of the Final Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the Shareholders at the AGM declaring and approving the payment of the Final Dividend out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles; and

(b) the Directors being satisfied that the Company will, immediately following the date on which the Final Dividend is paid, be able to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Final Dividend will be paid in cash on June 26, 2025 to those Shareholders whose names appear on the register of members of the Company at close of business on June 13, 2025.

The conditions set out above cannot be waived. If any of the conditions set out above is not satisfied, the Final Dividend will not be paid.

Report of the Directors

RESERVES

The Company may pay dividends out of the Share Premium Account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at December 31, 2024, the Company had distributable reserves of US$664,442,000 (equivalent to RMB4,776,276,000) (2023: US$670,572,000 (equivalent to approximately RMB4,749,461,000)), as calculated in accordance with the provisions of the Companies Act.

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on pages 150 to 151 and in Note 37 to the consolidated financial statements, respectively.

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company for the year ended December 31, 2024 are set out in Note 22 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 38 to the consolidated financial statements.

DONATION

During the year ended December 31, 2024, the Group made charitable donations of approximately RMB180,000 (2023: RMB330,000).

FINANCIAL SUMMARY

A summary of the condensed consolidated results and financial positions of the Group is set out on page 240 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

SHARES ISSUED

Save for the issuance and allotment of a total of 56,982,398 Shares in respect of the Zcool Acquisition, including 52,992,166 Shares to certain Zcool Vendors for the purchase of their respective Zcool Sale Shares and 3,990,232 Shares to Meitu Trust (for the benefit of the Zcool ESOP Holders) in consideration of the cancellation of the Zcool Network Options, the Company did not issue any Shares during the year ended December 31, 2024.

Details of the issue of Shares are set out in the section headed "Management Discussion and Analysis – Material Acquisitions and Disposals of Subsidiaries, Associates and/or Joint Ventures" of this annual report and Note 22 to the consolidated financial statements.

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended December 31, 2024.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO ESOP, the Post-IPO Share Option Scheme, the Post-IPO Share Award Scheme, the 2024 Share Award Scheme, the Pixocial Share Option Scheme and the EveLab Insight Share Award Scheme. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 34, Note 9(a) and Note 9(b), respectively, to the consolidated financial statements.

Except for Dr. GUO Yihong and Dr. LEE Kai-fu (retired as non-executive Director on June 5, 2024) who have voluntarily reduced their remuneration to nil with effect from October 1, 2020 and June 1, 2023 respectively, none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the year ended December 31, 2024, Mr. Wu Zeyuan, the executive Director, Chief Executive Officer and Chairman of our Group, was paid discretionary bonuses of a total sum of RMB1,923,000. Save as disclosed above, no discretionary bonuses were paid to, or receivable by, the Directors for the year ended December 31, 2024.

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.

Purpose

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.

Eligible Participants

Any employees, consultants, all members of the Board, and other individuals, as determined, authorized and approved by the Board or a committee authorized by the Board.

Maximum Number of Shares

The overall limit on the number of options to be 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 at December 31, 2024, outstanding options representing 12,051,469 underlying Shares were granted to eligible participants pursuant to the Pre-IPO ESOP. Details of the Pre-IPO ESOP are set out in Note 24(a) to the consolidated financial statements.

As at the Latest Practicable Date, options to subscribe for an aggregate of 5,097,820 Shares were outstanding, representing approximately 0.11% of the issued share capital of the Company as at the Latest Practicable Date.

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

Limit for Each Participant

Under the Pre-IPO ESOP, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant.

Report of the Directors

Remaining Life of the Pre-IPO ESOP

The Pre-IPO ESOP was 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.

Consideration

No consideration is required to be paid by the grantees for the grant of options under the Pre-IPO ESOP.

Option Period

The term of any options granted under the Pre-IPO ESOP shall not exceed 10 years, subject to a shareholder approval of extension of the exercise period for an option beyond 10 years from the date of grant. The Board shall also determine any conditions, if any, that must be satisfied before all or part of an option may be exercised.

The Board has the authority to determine the minimum period for which an option must be held before it can vest. The Pre-IPO ESOP does not specify any minimum holding period.

Exercise Price

The exercise price per Share under the Pre-IPO ESOP is US$0.03 as determined, authorized and approved by the Board based on the fair market value of the Share, after taking into account the subdivision of each ordinary share of US$0.0001 par value each of the Company into 10 Shares of US$0.00001 par value each effected immediately prior to Listing.

Details of Options Granted under the Pre-IPO ESOP

Name and/or Category of Participants	Date of Grant	Options Outstanding as at January 1, 2024	Options Granted During the Year	Exercise Period	Vesting Period	Exercise Price	Closing Price of Shares Immediately Before Date of Grant (For Options Granted During the Year)	Fair Value of Options as at the Date of Grant (For Options Granted During the Year)	Options Exercised During the Year	Weighted Average Closing Price of the Shares Immediately before the Date of Exercise (For Options Exercised During the Year)	Options Cancelled During the Year	Options Lapsed During the Year	Options Outstanding as at December 31, 2024
Employees (Excluding Directors and Chief Executive)	During 2016	891,274	–	10 Years from the Date of Grant	See Note (1)	US$0.03	–	–	242,531	HK$3.34	–	–	648,743
	During 2015	975,722	–	10 Years from the Date of Grant	See Note (1)	US$0.03	–	–	440,000	HK$3.23	–	–	535,722
	During 2014	9,227,004	–	10 Years from the Date of Grant	See Note (1)	US$0.03	–	–	136,000	HK$3.22	–	–	9,091,004
		11,094,000							**818,531**		**–**	**–**	**10,275,469**
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**
Total		**12,870,000**							**818,531**		**–**	**–**	**12,051,469**

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.

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 Post-IPO Share Option Scheme was terminated with effect from June 5, 2024 pursuant to a resolution passed at the annual general meeting of the Company held on the same date, as such no further share options may be offered or are available for grant under the Post-IPO Share Option Scheme thereafter.

Purpose

The purpose of the Post-IPO Share Option Scheme was to enable the Company to grant options to the eligible participants as an incentive or a reward for their contribution to the Group.

Eligible Participants

Any individual, being an employee, Director (including the executive Director, 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.

Limit of Each Participant

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

Consideration

A consideration of HK$1.00 is payable on acceptance of the grant of an option within 20 business days from the date on which an option is offered to a participant, which must be a business day (the "**Offer Date**").

Option Period

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period as the Board may determine, which may not expire later than 10 years from the offer date of the option subject to the provisions of early termination thereof.

The Board has the authority to determine the minimum period for which an option must be held before it can vest. The Post-IPO Share Option Scheme does not specify any minimum holding period.

Exercise Price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (c) the nominal value of a Share.

Maximum Number of Shares

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes adopted by the Group must not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Post-IPO Share Option Scheme or any other share option schemes adopted by the Group if the grant of such option exceeds the limit.

As at January 1, 2024 and June 5, 2024 (i.e. the date of termination of the Post-IPO Share Option Scheme), no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and given that the Post-IPO Share Option Scheme had been terminated with effect from June 5, 2024, no further option and/or Shares will be granted or issued pursuant thereto.

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. No further grant of awards has been or will be made under the Post-IPO Share Award Scheme after the adoption of the 2024 Share Award Scheme being approved by the Shareholders at the annual general meeting of the Company held on June 5, 2024.

Purpose

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible 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 regain eligible persons to make contributions to the long-term growth and profits of the Group.

Eligible Participants

Any individual, being an employee, Director (including the executive Director, 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.

Awards

An award granted by the Board to eligible participants which may vest in the form of Shares or the actual selling price of the Shares in cash.

Granting of Awards

The Board may, from time to time, grant awards to any eligible participant whom the Board considers to have contributed or will contribute to the Group.

Each grant of an award to any Director or the chairman of the Company shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of the grant of an award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

Maximum Number of Shares to be awarded

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Shares granted which have lapsed and forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 5% of the aggregate nominal amount of the issued share capital of the Company without further Shareholders' approval, approximately 211,364,727 Shares, subject to an annual limit of 3% of the total number of issued Shares at the relevant time. The awards granted under the Post-IPO Share Award Scheme may be satisfied by new Shares issued by the Company to the professional trustee of the scheme or through on-market acquisitions of existing Shares by the professional trustee at the prevailing market price funded by the Company.

Any Shares granted under the Post-IPO Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any award granted by the Board, or enter into any agreement to do so.

The total number of Shares available for grant under the Post-IPO Share Award Scheme as at January 1, 2024 were 63,875,390 Shares, representing 1.43% of the issued share capital of the Company. As at December 31, 2024, 173,489,248 award Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme (excluding Shares granted which have lapsed and forfeited in accordance with the Post-IPO Share Award Scheme) but no further grant of awards would be made under such scheme.

As the Shares for satisfying the outstanding awards granted under the scheme have been allotted and issued by the Company to the professional trustee of the scheme, no Shares are available for issue under the scheme as at the Latest Practicable Date.

Assuming (i) the annual limit of 3% of the total number of issued Shares is fully utilized and (ii) options granted under the Pre-IPO ESOP or Post-IPO Share Option Scheme are not exercised, our issued share capital will increase from 4,555,479,759 Shares (being the number of Shares in issue as at December 31, 2024) and 4,562,433,408 Shares (being the number of Shares in issue as at the Latest Practicable Date) to 4,692,144,151 Shares and 4,699,306,410 Shares respectively.

Limit for Each Participant

Under the Post-IPO Share Award Scheme, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant but unvested under the Post-IPO Share Award Scheme.

Consideration

No amount is payable on acceptance of an award under the Post-IPO Share Award Scheme.

Vesting Period

The Board has the authority to determine the vesting period of the Shares granted under the Post-IPO Share Award Scheme. The Post-IPO Share Award Scheme does not specify any minimum holding period.

Termination

The Post-IPO Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested Shares granted prior to the expiration of the Post-IPO Share Award Scheme, for the purpose of giving effect to the vesting of such Shares or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme; and

(b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Shares already granted to a selected participant.

Although the remaining life of the Post-IPO Share Award Scheme is approximately 1 year, 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, no further grants of Share awards will be made by the Company under the Post-IPO Share Award Scheme thereafter.

Report of the Directors

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 at January 1, 2024	Awards Granted During the Year	Vesting Period	Purchase Price	Closing Price of Shares Immediately Before Date of Grant (For Awards Granted During the Year)	Fair Value per Awarded Share as at the Date of Grant (For Awards Granted During the Year)[1]	Awards Vested During the Year	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at December 31, 2024
Directors and Chief Executive												
WU Zeyuan	Apr 1, 2023	850,000	–	May 1, 2023 - Apr 1, 2024[2]	Nil	–	–	850,000	HK$2.95	–	–	–
		850,000	**–**					**850,000**		**–**	**–**	**–**
Employees (Excluding Director and Chief Executive)	Apr 1, 2024	–	14,945,294	Apr 1, 2025 - Apr 1, 2026[3]	Nil	HK$3.28	HK$3.23	–	–	–	50,000	14,895,294
	Apr 1, 2024	–	10,135,785	Apr 1, 2025[6]	Nil	HK$3.28	HK$3.23	–	–	–	–	10,135,785
	Jan 1, 2024	–	68,850	Jan 1, 2025 - Jan 1, 2026[3]	Nil	HK$3.60	HK$3.69	–	–	–	–	68,850
	Oct 1, 2023	1,229,542	–	Oct 1, 2024 - Oct 1, 2025[3]	Nil	–	–	572,678	HK$3.07	–	84,189	572,675
	Jul 1, 2023	200,434	–	Jul 1, 2024 - Jul 1, 2025[3]	Nil	–	–	100,217	HK$2.64	–	–	100,217
	Apr 1, 2023	1,985,228	–	May 1, 2023 - Apr 1, 2024[4]	Nil	–	–	1,985,228	HK$2.95	–	–	–
	Apr 1, 2023	11,355,495	–	Apr 1, 2024 - Apr 1, 2025[3]	Nil	–	–	5,654,999	HK$3.24	–	209,458	5,491,038
	Apr 1, 2023	5,100,000	–	Apr 1, 2025[7]	Nil	–	–	5,100,000	HK$3.28	–	–	–
	Nov 1, 2022	111,300	–	Nov 1, 2023 - Nov 1, 2024[3]	Nil	–	–	111,300	HK$2.65	–	–	–
	Sep 1, 2022	187,600	–	Sep 1, 2023 - Sep 1, 2024[3]	Nil	–	–	121,600	HK$2.40	–	66,000	–
	May 1, 2022	91,062	–	May 1, 2023 - May 1, 2024[3]	Nil	–	–	91,062	HK$3.26	–	–	–
	Apr 1, 2022	5,319,767	–	Apr 1, 2023 - Apr 1, 2024[3]	Nil	–	–	5,269,396	HK$3.28	–	50,371	–
	Jan 1, 2022	111,405	–	Jan 1, 2023 - Jan 1, 2024[3]	Nil	–	–	111,405	HK$3.60	–	–	–
	During 2020	52,500	–	See Note[5]	Nil	–	–	52,500	HK$3.60	–	–	–
		25,744,333	**25,149,929**					**19,170,385**		**–**	**460,018**	**31,263,859**
Consultants	Apr 1, 2024	–	1,310,000	Apr 1, 2025 - Apr 1, 2026[3]	Nil	HK$3.28	HK$3.23	–	–	–	–	1,310,000
	Apr 1, 2023	471,601	–	Apr 1, 2024 - Apr 1, 2025[3]	Nil	–	–	235,801	HK$3.28	–	–	235,800
	Jan 1, 2022	931,611	–	See Note[5]	Nil	–	–	931,611	HK$3.60	–	–	–
		1,403,212	**1,310,000**					**1,167,412**		**–**	**–**	**1,545,800**
Total		**27,997,545**	**26,459,929**					**21,187,797**		**–**	**460,018**	**32,809,659**

Notes:

(1) The fair value of the awarded shares as of the date of grant was determined in accordance with IFRS 2, for transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. Further details of the fair value of the awarded shares are set out in Note 24 to the consolidated financial statements.

(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 fully vest annually in 4 equal tranches on the first, second, third and fourth anniversary from the date of grant.

(6) The share awards shall vest 12 months from the grant date subject to the achievement of performance targets associated with the performance of certain specific subsidiaries of the Group in terms of operational & financial performance and retention of key employees.

(7) The share awards granted shall vest on April 1, 2025 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, 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.

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.

Purpose

The purpose of the 2024 Share Award Scheme is to replace the Post-IPO Share Award Scheme and align the interests of eligible 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.

Eligible Participants

Eligible participants under the 2024 Share Award Scheme include any Employee Participant, Related Entity Participant, Service Provider and/or their respective Eligible Vehicles.

In determining the eligibility of Employee Participants (for this purpose including their Eligible Vehicles), the Board will consider, among others, their general working performance, contribution to the Group's overall performance, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard.

In determining the eligibility of Related Entity Participants (for this purpose including their Eligible Vehicles), the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

In determining the eligibility of the Service Providers (for this purpose including their Eligible Vehicles), the Board will consider, among others, (i) their experience and expertise in the industries that the Group operates from time to time, continuity and/or frequency of their services to the Group; (ii) their involvement or significance in promoting the business of the Group, in particular, whether such Service Provider could bring positive impacts to the Group's business with regard to factors such as the actual or expected increase in the Group's revenue or profits or reduction in costs which is or may be attributable to the Service Providers; and (iii) where appropriate, contribution or potential contribution to the long-term growth of the Group. In relation to those which fall within category (i) in the definition of Service Providers, the Board will also take into consideration their background, reputation and track record and the scale of their business dealings with the Group in assessing their eligibility. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis, the Board shall take into consideration, among others, (a) the mode, length and type of services provided to the Group and the recurrences and regularity of such services; (b) the period of engagement of the Service Provider, and benchmark the metrics used for (a) and (b) against those Employee Participants to whom (or to whose Eligible Vehicles) the Group provides equity incentives. In assessing whether the Service Provider provides services to the Group in the Company's ordinary and usual course of business, the Board or the committee of the Board shall take into consideration the nature and significance of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's financial reports from time to time.

Awards

An award granted by the Board or its delegate(s) to eligible participants which may vest in the form of Shares or the actual selling price of the Shares in cash as the Board or its delegate(s) may determine in accordance with the terms of the 2024 Share Award Scheme.

Maximum Number of Shares to be Awarded

The awards granted under the 2024 Share Award Scheme may be satisfied by new Shares issued by the Company to the professional trustee of the scheme or through on-market acquisitions of existing Shares by the professional trustee at the prevailing market price funded by the Company.

The total number of Shares which may be issued under the 2024 Share Award Scheme is no more than 453,509,608 Shares, representing no more than approximately 10% of the total number of Shares in issue as at the adoption date ("**Scheme Mandate Limit**"), 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 ("**Service Provider Sublimit**"). The Scheme Mandate Limit and/or the Service Provider Sublimit may be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the date of the Shareholders' approval for the last refreshment or the adoption date.

Any Shares granted under the 2024 Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. Without the prior written approval of the Board, a selected participant may not in any way directly or indirectly sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any award granted by the Board or the Shares or interest in any Eligible Vehicle holding any award pursuant to the 2024 Share Award Scheme, or enter into any agreement to do so.

As at December 31, 2024 and as at the Latest Practicable Date, 24,472,781 and 38,863,724 award Shares had been granted or agreed to be granted respectively under the 2024 Share Award Scheme which will be satisfied by the issue of new Shares (excluding award Shares which have lapsed in accordance with the 2024 Share Award Scheme). The total number of Shares available for issue under the 2024 Share Award Scheme as at December 31, 2024 were 429,036,827 Shares, representing 9.42% of the issued share capital of the Company.

As at the Latest Practicable Date, the total number of Shares available for issue under the 2024 Share Award Scheme is 414,645,884 Shares, representing approximately 9.09% of the issued share capital of the Company.

Limit for Each Participant

The total number of Shares which may be issued in respect of all awards granted or to be granted to any eligible person pursuant to the 2024 Share Award Scheme together with all award shares and options granted under any other share scheme(s) of the Company (excluding any awards granted which have lapsed and forfeited in accordance with the 2024 Share Award Scheme) in any 12-month period shall not exceed 1% of the total number of Shares in issue, unless otherwise such grant has been duly approved by Shareholders in general meeting(s) in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules and complies with other relevant provisions of Chapter 17 of the Listing Rules.

Consideration

No amount is payable on acceptance of an award under the 2024 Share Award Scheme.

Vesting Period

Subject to the Listing Rules, the Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the 2024 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested pursuant to the 2024 Share Award Scheme. The vesting date in respect of any award shall be not less than 12 months from the grant date, provided that for Employee Participants and/or his/her Eligible Vehicle, the vesting date may be less than 12 months from the grant date (including on the grant date) in the following circumstances:

(a) grants of "make whole" awards to new Employee Participants (or to his/her Eligible Vehicle) to replace share awards such Employee Participants forfeited when leaving their previous employers;

(b) grants to an Employee Participant (or to his/her Eligible Vehicle) whose employment is terminated due to death or disability or event of force majeure;

(c) grants of awards which are subject to the fulfilment of performance targets or as specified in the award letter in lieu of time-based vesting criteria;

(d) grants of awards that are made in batches during a year due to administrative or compliance reasons which include awards that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting periods may be shorter to reflect the time from which the award would have been granted;

(e) grants of awards with a mixed or accelerated vesting schedule such that the awards vest evenly over a period of 12 months;

(f) grants of awards with a total vesting and holding period of more than 12 months; or

(g) grants to Employee Participants of a similar value to replace their equity incentive options and/or awards granted by any member of the Group other than the Company ("**Subsidiary Awards**") following the completion of a merger and/or acquisition carried out by the Company from time to time, the result of which is that the Subsidiary Awards will be lapsed and the share scheme of such member of the Group will be terminated, provided that the grant of replacement share incentives by the Company to replace the Subsidiary Awards shall generally follow the original vesting schedule of the Subsidiary Awards.

Termination

The 2024 Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of 10 years commencing on the adoption date except in respect of any unvested award Shares granted prior to the expiration of the 2024 Share Award Scheme, for the purpose of giving effect to the vesting of such award Shares or otherwise as may be required in accordance with the provisions of the 2024 Share Award Scheme; and

(b) such date of early termination as determined by the Board provided that subject to any other arrangements as may be agreed between the relevant Grantee and the Board with the approval of the Shareholders in general meeting if required under the Listing Rules to the contrary, such termination shall not affect (i) any subsisting rights of any selected participant under the rules of the 2024 Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the award Shares already granted to a selected participant; and (ii) the vesting of any unvested award Shares granted prior to the early termination of the 2024 Share Award Scheme, for the purpose of giving effect to the vesting of such award Shares or otherwise as may be required in accordance with the provisions of the 2024 Share Award Scheme.

The remaining life of the 2024 Share Award Scheme is approximately 9 years.

Details of Share Awards Granted under the 2024 Share Award Scheme

Name and/or Category of Participants	Date of Grant	Unvested Awards Outstanding as at January 1, 2024	Awards Granted During the Year	Vesting Period	Purchase Price	Closing Price of Shares Immediately Before Date of Grant (For Awards Granted During the Year)	Fair Value per Awarded Share as at the Date of Grant (For Awards Granted During the Year) [1]	Awards Vested During the Year	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at December 31, 2024
Directors and Chief Executive												
WU Zeyuan	Oct 1, 2024	–	4,500,000	Oct 1, 2025 [2]	Nil	HK$3.07	HK$3.25	–	–	–	–	4,500,000
	Oct 1, 2024	–	8,000,000*	See Note [3]	Nil	HK$3.07	HK$3.25	–	–	–	–	8,000,000*
		–	**12,500,000**					**–**		**–**	**–**	**12,500,000**
Employees (Excluding Director and Chief Executive)	Oct 1, 2024	–	2,167,019	Oct 1 2025 - Oct 1, 2026 [4]	Nil	HK$3.07	HK$3.25	–	–	–	524,500	1,642,519
	Oct 1, 2024	–	12,000,000	Oct 1, 2025, Apr 1, 2026, Apr 1, 2027 and Apr 1, 2028 [5]	Nil	HK$3.07	HK$3.25	–	–	–	–	12,000,000
	Oct 1, 2024	–	6,000,000	See Note [3]	Nil	HK$3.07	HK$3.25	–	–	–	–	6,000,000
	Jul 1, 2024	–	368,837	Jul 1, 2025 - Jul 1, 2026 [4]	Nil	HK$2.64	HK$2.55	–	–	–	38,575	330,262
		–	**20,535,856**					**–**	**–**	**–**	**563,075**	**19,972,781**
Total		**–**	**33,035,856**					**–**	**–**	**–**	**563,075**	**32,472,781**

* The share awards granted will be satisfied by way of the Meitu Trust purchasing existing shares in the open market.

Details of Scheme Mandate Limit and Service Provider Sublimit

	Number of Shares available for grant under the Scheme Mandate Limit	Number of Shares available for grant under the Service Provider Sublimit
As at Jun 5, 2024 (adoption date)	453,509,608	45,350,960
As at Dec 31, 2024	429,036,827	45,350,960

Notes:

(1) The fair value of the awarded shares as of the date of grant was determined in accordance with IFRS 2, for transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. Further details of the fair value of the awarded shares are set out in Note 24 to the consolidated financial statements.

(2) The share awards granted to Mr. Wu shall vest 12 months from the grant date (i.e. on October 1, 2025).

(3) The share awards granted shall vest on April 1 of the year immediately following the date on which the performance target of the Group achieving an Adjusted Net Profit attributable to Owners of the Company of not less than RMB1.1 billion for the financial year ending December 31, 2025 or December 31, 2026 is met. Subject to the said performance target being achieved, the share awards will be satisfied by way of the Meitu Trust purchasing existing Shares in the open market.

(4) The share awards granted shall vest on an annual basis equally over a period of 24 months from the date of grant for employee Grantees other than Key Employee Grantee(s).

(5) The share awards granted shall vest in accordance with the following vesting schedule for Key Employee Grantee(s): (i) on October 1, 2025; (ii) on April 1, 2026; (iii) on April 1, 2027; and (iv) on April 1, 2028.

The total number of Shares that may be issued in respect of the options and share awards granted pursuant to the Pre-IPO ESOP, the Post-IPO Share Award Scheme and the 2024 Share Award Scheme during the year ended December 31, 2024 are 69,896,984 Shares and constitutes approximately 1.53% after dividing it by the weighted average number of issued Shares for the year ended December 31, 2024.

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 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.

Purpose

The purpose of the EveLab Insight Share Award Scheme is to align the interests of eligible persons 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.

Eligible Participants

Any individual, being an employee, director (including the executive director, 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 trust, company or other entity or form of business vehicle which such individual or his/her family member is a beneficiary of or holds beneficial interest in ("**Eligible Holding Vehicle**").

Awards

An award granted by the EveLab Insight Board to eligible participants which may vest in the form of EveLab Insight Shares or the actual selling price of the EveLab Insight Shares in cash.

Granting of Awards

The EveLab Insight Board may, from time to time, grant awards to any eligible participant whom the EveLab Insight Board considers to have contributed or will contribute to the Group.

Each grant of an award to any Director or the chairman of the Company shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of the grant of an award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

Maximum Number of EveLab Insight Shares to be awarded

The aggregate number of EveLab Insight Shares underlying all grants made pursuant to the EveLab Insight Share Award Scheme (excluding EveLab Insight Shares granted which have lapsed and forfeited in accordance with the EveLab Insight Share Award Scheme) will not exceed 20% of the total number of issued shares of EveLab Insight (i.e. approximately 100,000,000 EveLab Insight Shares) without further approval from the Company.

Any EveLab Insight Shares granted under the EveLab Insight Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred other than to an Eligible Holding Vehicle of such selected participant. A selected participant shall not in any way sell, transfer (other than to an Eligible Holding Vehicle of such selected participant), charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any award granted by the EveLab Insight Board, or enter into any agreement to do so.

Number of EveLab Insight Shares awarded

As at December 31, 2024 and as at the Latest Practicable Date, a total of 51,650,000 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 lapsed and forfeited in accordance with the EveLab Insight Share Award Scheme), representing approximately 10.33% of the issued share capital of EveLab Insight as at December 31, 2024 and as at the Latest Practicable Date.

Limit for Each Participant

Under the EveLab Insight Share Award Scheme, there is no specific limit on the maximum number of EveLab Insight Shares which may be granted to a single eligible participant but unvested under the EveLab Insight Share Award Scheme.

Vesting Period

The EveLab Insight Board has the authority to determine the vesting period of the Shares granted under the EveLab Insight Share Award Scheme. The EveLab Insight Share Award Scheme does not specify any minimum holding period.

Termination

The EveLab Insight Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing from the date the EveLab Insight Share Aware Scheme was adopted except in respect of any non-vested EveLab Insight Shares granted prior to the expiration of the EveLab Insight Share Award Scheme, for the purpose of giving effect to the vesting of such EveLab Insight Shares or otherwise as may be required in accordance with the provisions of the EveLab Insight Share Award Scheme; and

(b) such date of early termination as determined by the EveLab Insight Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the EveLab Insight Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the EveLab Insight Shares already granted to a selected participant.

The remaining life of the EveLab Insight Share Award Scheme is approximately 6 years.

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.

6. Pixocial Share Option Scheme

As disclosed in the Company's announcement dated October 12, 2023, Pixocial Holdings shall adopt the Pixocial Share Option Scheme, pursuant to which 7,642,626 ordinary shares of Pixocial Holdings shall be reserved for issuance to certain employees, directors and consultants of Pixocial Holdings and its subsidiaries.

On December 1, 2023, the board of directors of Pixocial Holdings (the "**Pixocial Board**") and its shareholder (namely, the Company) adopted the Pixocial Share Option Scheme.

Purpose

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.

Eligible Participants

Any employee, consultant, officer, director, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or other service provider of any member of Pixocial Holdings and its subsidiaries or any of their affiliate (including but not limited to (i) nominees and/or trustees of any employee benefit trust established for them, (ii) any Eligible Holding Vehicle) whom the Pixocial Board considers, in its sole and absolute discretion, to have contributed or will contribute to Pixocial Holdings and its subsidiaries; provided, however, that options under the Pixocial Share Option Scheme shall not be granted to any consultant or director in any jurisdiction in which, pursuant to applicable laws, grants to non-employees are not permitted.

Maximum Number of Pixocial Shares

The maximum number of Pixocial Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Pixocial Share Option Scheme must not exceed 7,642,626 Pixocial Shares without further approval from the shareholders of Pixocial Holdings.

As at December 31, 2024 and the Latest Practicable Date, a total of 5,608,672 and 5,683,266 options had been granted or agreed to be granted pursuant to the Pixocial Share Option Scheme respectively (excluding any options that were lapsed, forfeited or cancelled in accordance with the Pixocial Share Option Scheme) and therefore the total number of options available for grant under the Pixocial Share Option Scheme as at December 31, 2024 and the Latest Practicable Date are 2,033,954 and 1,959,360 options, respectively.

Any options granted under the Pixocial Share Option Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred other than to an Eligible Holding Vehicle of such selected participant. A selected participant shall not in any way sell, transfer (other than to an Eligible Holding Vehicle of such selected participant), charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any option granted by the Pixocial Board, or enter into any agreement to do so.

Limit for Each Participant

Under the Pixocial Share Option Scheme, there is no specific limit on the maximum number of options which may be granted to a single eligible participant but unvested under the Pixocial Share Option Scheme.

Vesting Period

The Pixocial Board has the authority to determine the vesting period of the options granted under the Pixocial Share Option Scheme. The Pixocial Share Option Scheme does not specify any minimum holding period.

Termination

The Pixocial Share Option Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing from the date the Pixocial Share Option Scheme was adopted; and

(b) such date of early termination as determined by the Pixocial Board.

The remaining life of the Pixocial Share Option Scheme is approximately 8 years.

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.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Schemes" and "Shares Issued" above, no other equity-linked agreements were entered into by the Group during the year ended December 31, 2024 or subsisted at the end of the year ended December 31, 2024.

DIRECTORS

The Directors and members of senior management of the Company who held office during the year ended December 31, 2024 and up to the Latest Practicable Date were:

Executive Director:

Mr. WU Zeyuan *(Chief Executive Officer and Chairman)*

Non-executive Directors:

Dr. GUO Yihong
Dr. LEE Kai-fu *(Retired on June 5, 2024)*
Mr. CHEN Jiarong
Mr. HONG Yupeng

Independent Non-executive Directors:

Mr. ZHOU Hao
Mr. LAI Xiaoling
Ms. KUI Yingchun *(Retired on June 5, 2024)*
Ms. POON Philana Wai Yin *(Appointed on June 5, 2024)*

Pursuant to Article 84 of the Articles of Association, at least one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company and will be eligible for re-election at that meeting. The Directors to retire by rotation shall firstly be those who wish to retire and not offer themselves for re-election, and secondly be those who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with Article 84(2) of the Articles of Association, Dr. GUO Yihong and Mr. ZHOU Hao will retire from office as Directors by rotation at the AGM and being eligible, offer themselves for re-election as Directors at the AGM.

Report of the Directors

In accordance with Article 83(3) of the Articles of Association, Ms. POON Philana Wai Yin was appointed by the Board on June 5, 2024 to fill the casual vacancy arising from Ms. KUI Yingchun's retirement and shall therefore retire and being eligible, offer herself for re-election as a Director at the AGM.

Details of the Directors standing for re-election at the AGM are set out in the circular to the Shareholders to be dispatched as soon as possible.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 26 to 30 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service contract with the Company for an initial term of three years with effect from the Listing Date or until the third annual general meeting of the Company since the Listing Date (whichever is sooner). Such service contract was renewed (i) on June 3, 2019 for a further term of three years or until the third annual general meeting of the Company since the date of renewal (whichever is sooner) and (ii) on June 2, 2022 without a specific term, but subject to retirement by rotation at least once every three years.

Each of the non-executive Directors and independent non-executive Directors (excluding Mr. LAI Xiaoling, Mr. CHEN Jiarong, Mr. HONG Yupeng, Ms. KUI Yingchun and Ms. POON Philana Wai Yin) has signed a letter of appointment with the Company for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner). Such letters of appointment were renewed on identical terms (i) on June 3, 2019 for a further term of three years or until the third annual general meeting of the Company since the date of renewal (whichever is sooner) and (ii) on June 2, 2022 without a specific term.

On September 30, 2020, Dr. GUO Yihong voluntarily entered into a supplemental agreement with the Company to reduce his remuneration to nil with effect from October 1, 2020, in order to avoid any potential conflict of interest arising from his offices held in other companies or entities. Likewise, Dr. LEE Kai-fu also voluntarily entered into a supplemental agreement with the Company to reduce his remuneration to nil with effect from June 1, 2023 out of his own will. Dr. LEE Kai-fu retired as a non-executive Director immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on his other personal and business commitments.

Mr. LAI Xiaoling has signed a letter of appointment with the Company and was appointed as an independent non-executive Director commencing from January 1, 2019 until the third annual general meeting of the Company from such commencement date. Such letter of appointment was renewed on identical terms (i) on June 2, 2021 for a further term of three years or until the third annual general meeting of the Company since the date of renewal (whichever is sooner) and (ii) on June 2, 2024 without a specific term.

Each of Mr. CHEN Jiarong and Ms. KUI Yingchun has signed a letter of appointment with the Company and was appointed as a non-executive Director and an independent non-executive Director respectively commencing from June 3, 2020 for three years or until the third annual general meeting of the Company from such commencement date (whichever is sooner). Such letters of appointment were renewed on identical terms on June 1, 2023 without a specific term. Ms. KUI Yingchun retired as an independent non-executive Director immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on her other personal and business commitments.

Mr. HONG Yupeng has signed a letter of appointment with the Company and was appointed as a non-executive Director commencing from June 1, 2023 without a specific term.

Ms. POON Philana Wai Yin has signed a letter of appointment with the Company and was appointed as an independent non-executive Director commencing from June 5, 2024 without a specific term.

None of the Directors proposed for re-election at the AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision is currently in force and had been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the Post-IPO Share Award Scheme and the 2024 Share Award Scheme, award Shares have been granted to Mr. Wu, the executive Director, Chief Executive Officer and Chairman of the Company, during the year ended December 31, 2024. Details of the interests of Mr. Wu in the award Shares are set out in the section headed "Share Schemes" above.

Save as aforesaid, neither at the end of the year ended December 31, 2024 nor at any time during the year ended December 31, 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As at December 31, 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[3]
Mr. WU Zeyuan[1] [2]	Beneficial owner/Beneficiary of a trust	587,996,670	12.91%

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) 12,500,000 Shares were held by the Meitu General Trust in the form of unvested Share awards.

(3) The percentages are calculated on the basis of 4,555,479,759 Shares in issue as at December 31, 2024.

Save as disclosed above, as at December 31, 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.

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

As at December 31, 2024, the persons other than the Directors, whose interests have been disclosed in this annual 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[4]
CAI Wensheng[1]	Interest in a controlled corporation/ Beneficiary of a trust	1,068,100,000	23.45%
Easy Prestige Limited[2]	Interest in a controlled corporation	566,666,670	12.44%
Xinhong Capital[2]	Beneficial owner	566,666,670	12.44%
Longlink Limited[1]	Interest in a controlled corporation	620,000,000	13.61%
Longlink Capital[1]	Beneficial owner	620,000,000	13.61%
Lion Trust (Singapore) Limited[3]	Trustee of a discretionary trust	1,398,366,670	30.70%

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 which is deemed to be interested in these Shares.

(4) The percentages are calculated on the basis of 4,555,479,759 Shares in issue as at December 31, 2024.

Save as disclosed herein, as at December 31, 2024, no person, other than the Directors whose interests are set out in this annual 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2024, none of our Directors had any interest in a business which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended December 31, 2024, we have entered into agreements with our connected persons in our ordinary and usual course of business, which constitute connected transactions under the Listing Rules. We set out below details of the connected transactions for our Group which are subject to reporting obligations under the Listing Rules in compliance with the requirements of Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules (the "**Continuing Connected Transactions**") for the Group for the year ended December 31, 2024.

Non-exempt continuing connected transactions

We set out below a summary of the continuing connected transactions for our Group (namely, the Contractual Arrangements, and the MeituEve Contractual Arrangements), which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Report of the Directors

1. Contractual Arrangements

The Company had previously entered into the 2021 Contractual Arrangements in place of the 2016 Contractual Arrangements, under which the Company gained effective control over, and received all the economic benefits generated by the business currently operated by the PRC Operating Entities. Due to the change of one of the nominee shareholders of Meitu Networks from Mr. Wu to Mr. Wu Zehuai (the "**Equity Transfer**"), in December 2024, Meitu Home, Meitu Networks, Mr. Wu Zehuai and Xiamen Hongtian entered into the Existing Contractual Arrangements with the 2021 Contractual Arrangements terminated simultaneously. Under the Existing Contractual Arrangements, the nominee shareholders of Meitu Networks are Mr. Wu Zehuai as to 51% and Xiamen Hongtian as to 49%. The consideration for the Equity Transfer was a payment of RMB1.00 by Mr. Wu Zehuai to Mr. Wu. The Existing Contractual Arrangements, having their terms and conditions substantially the same as those of the Existing Contractual Arrangements, were cloned from the Old Contractual Arrangements, except for changes to the dates of the relevant agreements relating to the Old Contractual Arrangements and the parties to those agreements – where Mr. Wu Zehuai replaced Mr. Wu as a nominee shareholder of Meitu Networks. The Existing Contractual Arrangements were entered into for the purposes of (i) ensuring better administrative efficiency of Meitu Networks and maximum alignment of the interests of the Company's shareholders with those of the nominee shareholders of Meitu Networks and (ii) reducing the likelihood of cloning a new series of contractual arrangements as a result of any future changes in the nominee individual shareholder of Meitu Networks by designating Xiamen Hongtian as one of the nominee shareholders. The Existing Contractual Arrangements allow the financial results of the PRC Operating Entities to be consolidated and accounted for as if they were subsidiaries of our Company. Further details of the Existing Contractual Arrangements are set out in the announcement of the Company dated December 27, 2024.

Reasons for the Contractual Arrangements

We develop and operate mobile apps in the PRC, through which we derive income from online advertising, and sales of virtual items. We also provide audio-visual program services to the public through *Meipai*. The operation of mobile apps, provision of online audio-visual program services and operation of mobile games are subject to foreign investment restrictions under PRC law.

Since certain of our businesses are subject to foreign investment restrictions, to comply with the relevant PRC laws, our online advertising, and Photo, video and design products businesses through our mobile apps are directly operated by Meitu Networks and its subsidiaries. Meitu Networks and its subsidiaries generate revenue from our apps. Revenue from our online advertising and Photo, video and design products are our major revenue sources relating to the operations of our apps and are part of the business we operate through Meitu Networks and its subsidiaries. Meitu Home, our indirectly wholly-owned subsidiary, in turn provides services to support the business operations of Meitu Networks and its subsidiaries and derives the economic benefits from such business operations. Meitu Networks and its subsidiaries hold the requisite PRC permits, licenses and approvals for operating mobile games, online advertising and provision of audio-visual program services through our mobile apps. Our major trademarks and domain names are held by Meitu Networks and its subsidiaries. In addition, Meitu Networks and its subsidiaries hold certain licenses and permits that are essential to the operation of our business, such as the ICP License, the Online Cultural Operating License and the License for Transmission of Audio-Visual Programs through Information Network.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Our Directors also believe that our Group's structure, whereby the financial results of the PRC Operating Entities are consolidated into our Group's financial statements as if they were our Group's wholly-owned subsidiaries, and all the economic benefits of their business flow to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 45 to 51 of the Prospectus and in the announcement of the Company dated December 27, 2024.

- If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change or new regulations or interpretations are promulgated in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and Meitu Networks or their shareholders may fail to perform their obligations under our Contractual Arrangements.

- We may lose the ability to use and enjoy assets and licenses held by Meitu Networks and its subsidiaries that are important to the operation of our business if Meitu Networks or any of its subsidiaries declares bankruptcy or become subject to a dissolution or liquidation proceeding.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income.

- Shareholders of Meitu Networks may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

- We conduct our business operation in the PRC through Meitu Networks and its subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

- If we exercise the option to acquire equity ownership of Meitu Networks, the ownership transfer may subject us to certain limitations and substantial costs.

The Contractual Arrangements which were in place during the year ended December 31, 2024 and a brief description of the major terms of the structured contracts under the Existing Contractual Arrangements are as follows:

(a) *Exclusive Option Agreement*

Meitu Networks, along with Mr. Wu Zehuai and Xiamen Hongtian (the "**Relevant Shareholders**"), entered into an exclusive option agreement with Meitu Home in December 2024 (the "**Exclusive Option Agreement**") which replaced the previous exclusive option agreement dated January 29, 2021 between Meitu Home, Meitu Networks, Mr. Wu and Xiamen Hongtian as a result of the Equity Transfer, and pursuant to which Meitu Home (or the Company or any subsidiary of the Company, the "**designee**") was granted an irrevocable and exclusive right to purchase from the Relevant Shareholders and/or Meitu Networks all or any part of their equity interests in and/or assets of Meitu Networks for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Relevant Shareholders and/or Meitu Networks shall return any amount of purchase price they have received to Meitu Home. At Meitu Home's request, the Relevant Shareholders and/or Meitu Networks will promptly and unconditionally transfer their respective equity interests in and/or assets of Meitu Networks to Meitu Home (or its designee) after Meitu Home exercises its purchase right. The Exclusive Option Agreement is for an initial term of ten years and is automatically renewable upon expiry unless Meitu Home confirms a new renewal term in writing.

(b) *Exclusive Business Cooperation Agreement*

Meitu Networks entered into an exclusive business cooperation agreement with Meitu Home in December 2024 (the "**Exclusive Business Cooperation Agreement**") which replaced the previous exclusive business cooperation agreement dated January 29, 2021 between Meitu Networks and Meitu Home as a result of the Equity Transfer, and pursuant to which Meitu Networks agreed to engage Meitu Home as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment, leasing, marketing consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to Meitu Home's adjustment, are equal to all of the net profit of Meitu Networks and its subsidiaries. Meitu Home may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of Meitu Networks and its subsidiaries from previous financial periods, which will be wired to the designated account of Meitu Home upon issuance of payment notification by Meitu Home. As of December 31, 2024, the accumulated profits of Meitu Networks and its subsidiaries amounted to RMB345.9 million. Meitu Home enjoys all the economic benefits derived from the businesses of Meitu Networks and its subsidiaries and bears Meitu Networks' business risks. If Meitu Networks runs into financial deficit or suffers severe operation difficulties, Meitu Home will provide financial support to Meitu Networks.

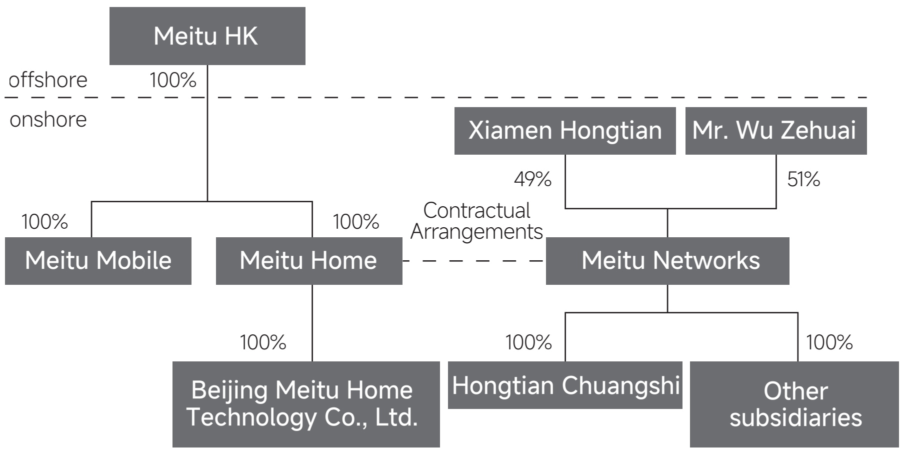
(c) *Share Pledge Agreement*

Meitu Networks, the Relevant Shareholders and Meitu Home entered into a share pledge agreement in December 2024 (the "**Share Pledge Agreement**") which replaced the previous share pledge agreement dated January 29, 2021 between Meitu Home, Meitu Networks, Mr. Wu and Xiamen Hongtian as a result of the Equity Transfer. Under the Share Pledge Agreement, the Relevant Shareholders pledged as first charge all of their respective equity interests in Meitu Networks to Meitu Home as collateral security for any or all of their payments due to Meitu Home and to secure performance of their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Powers of Attorney (as defined below).

(d) *Powers of Attorney*

An irrevocable power of attorney was entered into between the Relevant Shareholders, Meitu Home and Meitu Networks in December 2024 (the "**Powers of Attorney**") which replaced the previous irrevocable power of attorney dated January 29, 2021 between Mr. Wu, Xiamen Hongtian, Meitu Home and Meitu Networks as a result of the Equity Transfer, whereby the Relevant Shareholders appointed Meitu Home or a director of its offshore holding company or its/his/her successor (including a liquidator replacing Meitu Home's director) as their exclusive agent and attorney to act on their behalf on all matters concerning Meitu Networks and to exercise all of its rights as a registered shareholder of Meitu Networks.

The following simplified diagram illustrates the flow of economic benefits from Meitu Networks and its subsidiaries to our Group stipulated under the Existing Contractual Arrangements:



Apart from the above, there are no other new contractual arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entities during the financial year ended December 31, 2024. There was no material change in the Existing Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2024.

For the year ended December 31, 2024, none of the Existing Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Existing Contractual Arrangements has been removed.

We have been advised by our PRC legal advisor that subject to the risks as set out on pages 45 to 51 of the Prospectus, the Existing Contractual Arrangements do not violate the relevant PRC regulations.

The revenue of Meitu Networks and its subsidiaries for the years ended December 31, 2024 and 2023 were RMB2,220.7 million and RMB1,855.9 million, respectively.

For the year ended December 31, 2024, the revenue of Meitu Networks and its subsidiaries amounted to approximately 66.5% (2023: 68.8%) of the revenue for the year of the Group.

The total assets of Meitu Networks and its subsidiaries as at December 31, 2024 and 2023 were RMB3,103.3 million and RMB3,244.4 million, respectively.

As at December 31, 2024, the total assets of Meitu Networks and its subsidiaries amounted to approximately 44.0% (2023: 56.3%) of the total assets of the Group.

Mitigation actions taken by the Company
Our management works closely with Mr. Wu Zehuai and Xiamen Hongtian and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Existing Contractual Arrangements.

The extent to which the Existing Contractual Arrangements relate to requirements other than the foreign ownership restriction
All of the Existing Contractual Arrangements are subject to the restrictions as set out on pages 163 to 167 of the Prospectus.

Listing Rules Implications
The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5% and since Mr. Wu Zehuai is an associate of Mr. Wu, who is the Chairman, Chief Executive Officer, executive Director and a substantial shareholder of the Company, the transactions will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange and Annual Review
The Stock Exchange has granted the Company a waiver (the "**Waiver**") pursuant to Rule 14A.105 of the Listing Rules from (i) strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Old Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to Meitu Home under the Old Contractual Arrangements; and (iii) fixing the term of the Old Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to the following conditions:

(a) no change without independent non-executive Directors' approval;

(b) no change without independent Shareholders' approval;

(c) the Old Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the PRC Operating Entities;

(d) the Old Contractual Arrangements may be renewed and/or cloned upon expiry or when justified by business expediency, without obtaining Shareholders' approval, on substantially the same terms and conditions as the Old Contractual Arrangements; and

(e) our Group will disclose details relating to the Old Contractual Arrangements on an ongoing basis.

As the Existing Contractual Arrangements were cloned from the Old Contractual Arrangements (except for changes to the dates of the relevant agreements relating to the Old Contractual Arrangements and the parties to those agreements – where Mr. Wu Zehuai replaced Mr. Wu as a nominee shareholder of Meitu Networks), the Existing Contractual Arrangements fall within the scope of the Waiver.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2024, (iii) no other new contracts were entered into, renewed or reproduced between the Group and the PRC Operating Entities during the year ended December 31, 2024, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant agreement governing the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

The Auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2024, nothing has come to their attention that causes the Auditor to believe that the transactions:

(a) have not been approved by the Board; and

(b) were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions.

2. MeituEve Contractual Arrangements

In July 2021, Meitu Networks transferred part of the Smart Hardware Business that is subject to foreign ownership restrictions in the PRC ("**Smart Hardware Restricted Business**") to MeituEve Networks and on July 2, 2021, the Company entered into a series of contractual arrangements (the "**MeituEve Contractual Arrangements**") with MeituEve Technology, MeituEve Networks and Xiamen Hongtian, under which the Company gained effective control over, and received all the economic benefits generated by the business currently operated by the MeituEve PRC Operating Entities. The MeituEve Contractual Arrangements, having their terms and conditions substantially the same as those of the Contractual Arrangements, were cloned therefrom, except for changes to the dates of the relevant agreements relating to the Contractual Arrangements and the parties to those agreements. The MeituEve Contractual Arrangements will continue to allow the financial results of the MeituEve PRC Operating Entities to be consolidated and accounted for as if they were subsidiaries of our Company. Further details of the MeituEve Contractual Arrangements are set out in the announcement of the Company dated July 30, 2021.

Reasons for the MeituEve Contractual Arrangements and Waiver from the Stock Exchange and Annual Review

At the time of the Listing, the Company sought, and the Stock Exchange granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Old Contractual Arrangements, which was later superseded and replaced by the Existing Contractual Arrangements. The Waiver is subject to certain conditions including, among others, that on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding on one hand, and Meitu Networks, on the other hand, that framework may be renewed and/or cloned upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Old Contractual Arrangements.

The Group has had a Smart Hardware Business since the time of its IPO on the Stock Exchange and, throughout the years, having leveraged on the face detection technology, facial point detection technology, high megapixel front-and-back facing cameras that permit high-image quality in lowlight condition, as well as proprietary image processing algorithm and specialized image processors from the Group's smartphones, different beauty-related smart hardware products (such as MeituEve (a commercial AI skin analyser), MeituKey (a contact skin analyser), MeituSpa (an AI cleansing brush) and Meitu Genius (an AI smart mirror)) have been developed organically to leverage the Group's ecosystem around beauty.

Since the MeituEve Contractual Arrangements were cloned from the Old Contractual Arrangements (from which the Existing Contractual Arrangements were also cloned) as provided under the conditions of the Waiver, the Company sought confirmation from the Stock Exchange, and the Stock Exchange confirmed, that the transactions contemplated under the MeituEve Contractual Arrangements would fall within the scope of the Waiver.

The MeituEve Contractual Arrangements were entered into for the purposes of separating the Smart Hardware Business from the other businesses of the Group, thereby facilitating fund raising activities for the Smart Hardware Business.

Our Directors, including our independent non-executive Directors, are of the view that (i) the MeituEve Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the MeituEve Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Risks relating to the MeituEve Contractual Arrangements

We believe the following risks are associated with the MeituEve Contractual Arrangements. Further details of these risks are set out on pages 45 to 51 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our Smart Hardware Restricted Business do not comply with PRC laws and regulations, or if these regulations or their interpretations change or new regulations or interpretations are promulgated in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

- We may lose the ability to use and enjoy assets and licenses held by MeituEve Networks and its subsidiaries that are important to the operation of our Smart Hardware Restricted Business if MeituEve Networks or any of its subsidiaries declares bankruptcy or become subject to a dissolution or liquidation proceeding.

- Our MeituEve Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income.

- Shareholder(s) of MeituEve Networks may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

- We conduct our Smart Hardware Restricted Business operation in the PRC through MeituEve Networks and its subsidiaries by way of the MeituEve Contractual Arrangements, but certain of the terms of the contractual arrangements may not be enforceable under PRC laws.

- If we exercise the option to acquire equity ownership of MeituEve Networks, the ownership transfer may subject us to certain limitations and substantial costs.

The MeituEve Contractual Arrangements which were in place during the year ended December 31, 2024 and a brief description of the major terms of the structured contracts under the MeituEve Contractual Arrangements are as follows:

(a) MeituEve Exclusive Option Agreement

MeituEve Networks, along with Xiamen Hongtian, entered into an exclusive option agreement with MeituEve Technology on July, 2 2021 (the "**MeituEve Exclusive Option Agreement**"), pursuant to which MeituEve Technology (or the Company or any subsidiary of the Company, the "**MeituEve designee**") was granted an irrevocable and exclusive right to purchase from Xiamen Hongtian and/or MeituEve Networks all or any part of their equity interests in and/or assets of MeituEve Networks for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, Xiamen Hongtian and/or MeituEve Networks shall return any amount of purchase price they have received to MeituEve Technology. At MeituEve Technology's request, Xiamen Hongtian and/or MeituEve Networks will promptly and unconditionally transfer their respective equity interests in and/or assets of MeituEve Networks to MeituEve Technology (or the MeituEve designee) after MeituEve Technology exercises its purchase right. The MeituEve Exclusive Option Agreement is for an initial term of ten years and is automatically renewable upon expiry unless MeituEve Technology confirms a new renewal term in writing.

(b) MeituEve Exclusive Business Cooperation Agreement

MeituEve Networks entered into an exclusive business cooperation agreement with MeituEve Technology on July 2, 2021 (the "**MeituEve Exclusive Business Cooperation Agreement**"), pursuant to which MeituEve Networks agreed to engage MeituEve Technology as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment, leasing, marketing consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to MeituEve Technology's adjustment, are equal to all of the net profit of MeituEve Networks and its subsidiaries. MeituEve Technology may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of MeituEve Networks and its subsidiaries from previous financial periods, which will be wired to the designated account of MeituEve Technology upon issuance of payment notification by MeituEve Technology. As of December 31, 2024, the accumulated losses of MeituEve Networks and its subsidiaries amounted to RMB5.0 million. MeituEve Technology enjoys all the economic benefits derived from the businesses of MeituEve Networks and its subsidiaries and bears MeituEve Networks' business risks. If MeituEve Networks runs into financial deficit or suffers severe operation difficulties, MeituEve Technology will provide financial support to MeituEve Networks.

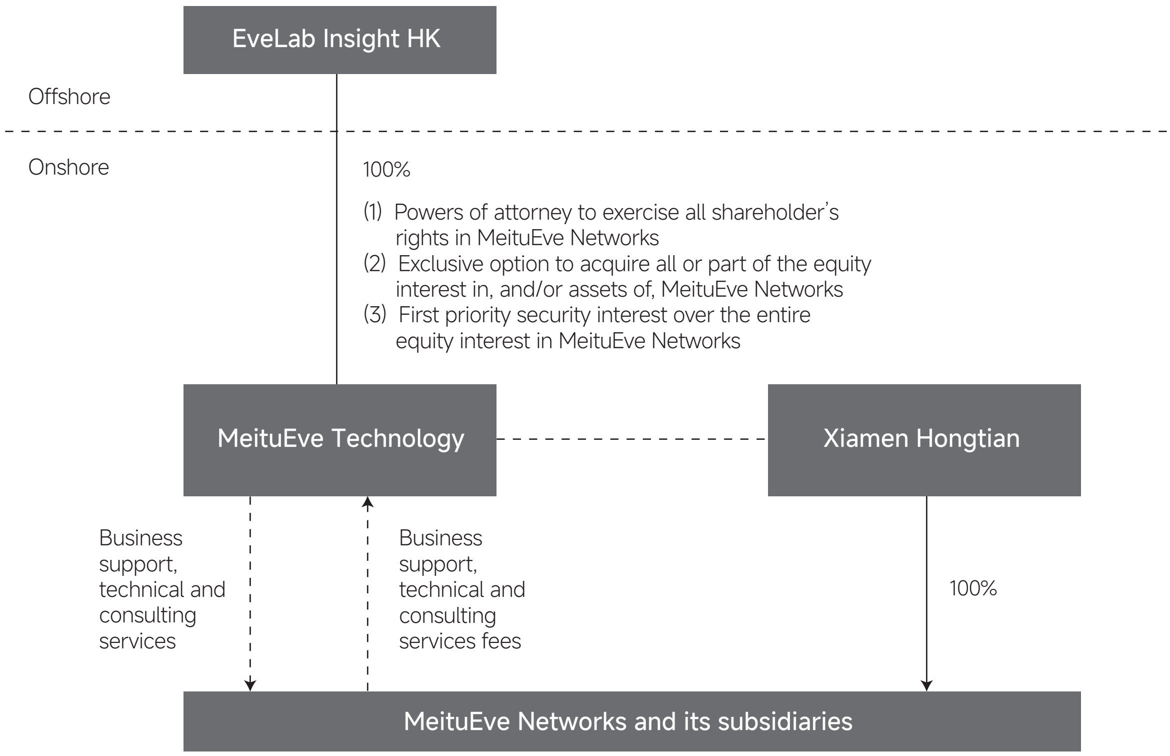
(c) MeituEve Share Pledge Agreement

MeituEve Networks, Xiamen Hongtian and MeituEve Technology entered into a share pledge agreement on July 2, 2021 (the "**MeituEve Share Pledge Agreement**"). Under the MeituEve Share Pledge Agreement, Xiamen Hongtian pledged as first charge all of their respective equity interests in MeituEve Networks to MeituEve Technology as collateral security for any or all of their payments due to MeituEve Technology and to secure performance of their obligations under the MeituEve Exclusive Business Cooperation Agreement, the MeituEve Exclusive Option Agreement and the MeituEve Powers of Attorney (as defined below).

(d) *MeituEve Powers of Attorney*

An irrevocable power of attorney was entered into between Xiamen Hongtian, MeituEve Technology and MeituEve Networks on July 2, 2021 (the "**MeituEve Powers of Attorney**"), whereby Xiamen Hongtian appointed MeituEve Technology or a director of its offshore holding company or its/his/her successor (including a liquidator replacing MeituEve Technology's director) as their exclusive agent and attorney to act on their behalf on all matters concerning MeituEve Networks and to exercise all of its rights as a registered shareholder of MeituEve Networks.

The following simplified diagram illustrates the flow of economic benefits from MeituEve Networks and its subsidiaries to our Group stipulated under the MeituEve Contractual Arrangements:



Apart from the above, there are no other new contractual arrangements entered into, renewed or reproduced between the Group and the MeituEve PRC Operating Entities during the financial year ended December 31, 2024. There was no material change in the MeituEve Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2024.

For the year ended December 31, 2024, none of the MeituEve Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the MeituEve Contractual Arrangements has been removed.

We have been advised by our PRC legal advisor that subject to the risks as set out on pages 45 to 51 of the Prospectus, the MeituEve Contractual Arrangements do not violate the relevant PRC regulations.

The revenue of MeituEve Networks and its subsidiaries for the year ended December 31, 2024 and 2023 were RMB0.0 and RMB0.0, respectively.

For the year ended December 31, 2024, the revenue of MeituEve Technology and its subsidiaries amounted to approximately 0.8% (2023: 1.2%) of the revenue for the year of the Group.

The total assets of MeituEve Networks and its subsidiaries as at December 31, 2024 and 2023 were RMB0.63 million and RMB0.02 million, respectively.

As at December 31, 2024, the total assets of MeituEve Networks and its subsidiaries amounted to approximately 0.0089% (2023: 0.0003%) of the total assets of the Group.

Mitigation actions taken by the Company
Our management works closely with Xiamen Hongtian and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the MeituEve Contractual Arrangements.

The extent to which the MeituEve Contractual Arrangements relate to requirements other than the foreign ownership restriction
All of the MeituEve Contractual Arrangements are subject to the restrictions as set out on pages 163 to 167 of the Prospectus.

Listing Rules Implications
As Mr. Wu Zehuai is a shareholder of Xiamen Hongtian as to 99% and an associate of Mr. Wu, who is the chairman of the Board, Chief Executive Officer, executive Director and a substantial shareholder of the Company, the MeituEve Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the MeituEve Contractual Arrangements were cloned from the Contractual Arrangements (except for changes to the dates of the relevant agreements relating to the Contractual Arrangements and the parties to those agreements), the MeituEve Contractual Arrangements fall within the scope of the Waiver.

Confirmation from Independent Non-executive Directors
Our independent non-executive Directors have reviewed the MeituEve Contractual Arrangements and confirmed that (i) the transactions carried during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the MeituEve Contractual Arrangements, (ii) no dividends or other distributions have been made by the MeituEve PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2024, (iii) no new contracts were entered into, renewed or reproduced between the Group and the MeituEve PRC Operating Entities during the year ended December 31, 2024, and (iv) the MeituEve Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant agreement governing the MeituEve Contractual Arrangements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

The Auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2024, nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions:

(a) have not been approved by the Board; and

(b) were not entered into, in all material respects, in accordance with the relevant agreements under the MeituEve Contractual Arrangements governing such transactions.

During the year ended December 31, 2024, no related party transactions disclosed in Note 33 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended December 31, 2024.

QUALIFICATION REQUIREMENTS

Updates in Relation to the Qualification Requirements

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 outside of Mainland China (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 December 31, 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. In addition, on April 8, 2024, the MIIT promulgated the announcement on Launching the Pilot Program of Expanding the Value-Added Telecommunications Services (the "**Pilot Program**"). In the regions participating in the Pilot Program (including the Beijing Comprehensive Demonstration Zone for Further Opening-up of the Service Sector, the Lin-Gang Special Area of China (Shanghai) Pilot Free Trade Zone and the Leading Area in Socialist Modernization, the Hainan Free Trade Port, and the Shenzhen Leading Demonstration Zone of Socialism with Chinese Characteristics) that are granted approval to launch the Pilot Program, it is imperative to remove foreign investors' equity ownership restrictions on the Internet Data Center (IDC), Content Distribution Network (CDN), Internet Access Services (ISP), online data processing and transaction processing, information dissemination platform and delivery services (excluding Internet news information services, online publishing services, online audiovisual services, and Internet cultural services) in information services, and information protection and processing services. However, Fujian province, where Meitu Networks is located, is not a region participating in the Pilot Program.

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 December 31, 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 December 31, 2024, the following measures remain in place consistent with previous years:

(a) Meitu HK, our Hong Kong subsidiary, has registered a number of domain names outside of the PRC for display and promotion of Meitu products since July 2014;

(b) Meitu HK has operated an office in Hong Kong for the promotion of our apps in Hong Kong since June 2014; and

(c) EveLab Insight (US) and Starii (US), our United States subsidiaries, have operated an office in the United States for the localization and marketing of our apps in the United States since January 2015.

Because foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations outlined above, after consultation with our PRC legal advisor, we determined that it might not be viable for the Company to hold Meitu Networks and its subsidiaries, or MeituEve Networks and its subsidiaries, directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by (i) Meitu Networks and its subsidiaries through the Existing 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 Existing 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.

MAJOR CUSTOMERS AND SUPPLIERS

The relationship between our Group and our customers has been stable. For the year ended December 31, 2024, the revenue amounts from the Group's five largest customers accounted for 13.6% (2023: 17.8%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 4.6% (2023: 7.3%) of the Group's total revenue.

During the year ended December 31, 2024, none of the Directors or any of their close associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares had any interest in the Group's top five customers.

The relationship between the Group and our suppliers has been stable. For the year ended December 31, 2024, the purchase amounts placed with the Group's five largest suppliers accounted for 40.2% (2023: 29.7%) of the Group's total purchases and the purchase amount placed with our single largest supplier accounted for 17.0% (2023: 7.8%) of the Group's total purchases. None of the Directors or any of their close associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares had any interest in the Group's five largest suppliers.

Report of the Directors

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING DATE

Pursuant to the disposals of the Acquired Ether and the Acquired Bitcoin, a special dividend of HK$0.109 per Share in cash out of the Share Premium Account was proposed by the Board on January 16, 2025 and approved by the Shareholders at the extraordinary general meeting held on February 11, 2025 and paid in cash out of the Share Premium Account on February 27, 2025 out of which a total of HK$1,972 (equivalent to approximately RMB1,834) remained unclaimed as of the Latest Practicable Date.

Further details of the payment of special dividend are set out in the section headed "Management Discussion and Analysis – Dividends" on pages 20 to 21 of this annual report, the announcements of the Company dated December 4, 2024, January 16, 2025 and February 11, 2025 respectively, and the circular of the Company dated January 22, 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the Environmental, Social and Governance Report in this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Prospectus, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

CHANGES IN BOARD AND BOARD COMMITTEE MEMBERS

Changes to the Board and Board committee members during the year ended December 31, 2024 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.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

Shareholders who are entitled to attend, speak and vote at the AGM (or any adjournment thereof) are those whose names appear on the register of members of the Company on Thursday, June 5, 2025. The register of members of the Company will be closed from Monday, June 2, 2025 to Thursday June 5, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on Thursday, June 5, 2025. All transfers of shares of the Company accompanied by the relevant share certificates and transfer forms (together the "**Share Transfer Documents**") must be lodged for registration before 4:30 p.m. on Friday, May 30, 2025.

The register of members of the Company will be closed from Wednesday, June 11, 2025 to Friday, June 13, 2025, both days inclusive, in order to ascertain the identity of the Shareholders entitled to the Final Dividend to be approved at the AGM. In order to qualify for Final Dividend, all Share Transfer Documents must be lodged for registration before 4:30 p.m. on Tuesday, June 10, 2025.

The Share Transfer Documents shall be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

MEITU AND THE COMMUNITY

As a global company, Meitu, Inc. is committed "Unite art and technology elegantly" as its mission, and "Be inquisitive and practical – Be humble and seek truth from facts" and "Motivated to win – Aim high and hit"as its values.

By the order of the Board
Mr. WU Zeyuan
Chairman

Hong Kong

March 18, 2025

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company.

CORPORATE GOVERNANCE PRACTICES

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, 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.

Pursuant to Code Provision C.2.1 ("**Code Provision C.2.1**") in Part 2 of the CG Code, 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 will provide solid and continuous leadership to both the Board and the management of the Group with his extensive experience and knowledge in management and operation of the Group. Further, the Board has also considered and is of the view that the composition of the executive, the non-executive and the independent non-executive Directors on the Board and the various committees of the Board formed in overseeing different aspects of the Company's affairs would provide adequate safeguards 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.

Save as to the deviation from Code Provision C.2.1, during the year ended December 31, 2024, the Company has complied with all other applicable code provisions of the CG Code for the time being in force.

MISSION

"Unite art and technology elegantly."

VALUES

"be inquisitive and practical – be humble and seek truth from facts" and "Motivated to win – aim high and hit"

CORPORATE CULTURE AND STRATEGY

In order to strengthen the Group's corporate culture and management, promote the Group's development, and encourage and motivate the Group's employees, the Board has established a "Corporate Culture Management Policy", under which, the Group's human resources department is the main executive body for the management and alignment of the Group's corporate culture with its corporate mission and values.

The Board recognises that creating a corporate culture that is supportive, ethical, legal and compliant is crucial to enhance the Group's value. To achieve this, the Group's human resources department regularly conducts in-depth research and analysis to understand the ideological dynamics of the Group's employees and analyse the characteristics of the Group's industry and gathers opinions and suggestions from various departments within the Group. The human resources department then assesses and refines the Group's corporate culture to fit the actual needs and situation of the Group.

The Directors and in particular the management team are also required to take a proactive role in fostering a culture of integrity and ethical behaviour. Directors and management team members lead by example, embodying the Group's values and setting a clear ethical tone at the top. This is typically achieved through setting long-term objectives for its team, providing seminars, participating in discussions and giving orders and guidance in accordance with the Company's values. Training sessions and education for new employees, including corporate culture lectures and training for managers, are also provided within the Group to help employees and managers quickly familiarise themselves with the business processes and align themselves with the Company's culture. The Group also rewards and commends positive behaviours of employees through bonus and incentive schemes in order to strengthen employees' understanding and recognition of the Group's culture and values.

Through the above, the Group is able to align its core values and put it into practice every day and motivate its employees to thrive and unleash their full potential in their work.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2024.

The Board has also adopted the Model Code and has established internal written guidelines pursuant thereto to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in Code Provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended December 31, 2024 after making reasonable enquiry.

BOARD OF DIRECTORS

Board Composition

As at the Latest Practicable Date, the Board comprises seven members consisting of one executive Director, three non-executive Directors and three independent non-executive Directors. The details of the Board composition are as follows:

Name of Director	Membership of Board Committee(s)
Executive Director:	
Mr. WU Zeyuan *(Chairman and Chief Executive Officer)*	Chairman of the Nomination Committee
Non-executive Directors:	
Dr. GUO Yihong	–
Mr. CHEN Jiarong	–
Mr. HONG Yupeng	Member of the Audit Committee
Independent Non-executive Directors:	
Mr. ZHOU Hao	Chairman of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee
Mr. LAI Xiaoling	Chairman of the Remuneration Committee Member of the Audit Committee
Ms. POON Philana Wai Yin *(appointed on June 5, 2024)*	Member of the Remuneration Committee Member of the Nomination Committee

Corporate Governance Report

In compliance with Rule 3.09D of the Listing Rules, Ms. POON Philana Wai Yin, who was appointed as an independent non-executive Director on June 5, 2024, received training and legal advice on May 20, 2024 and she confirmed that she understood her obligations as Director.

The biographical information of the Directors is disclosed under the section headed "Directors and Senior Management" on pages 26 to 30 of this annual report.

None of the members of the Board are related to one another (including financial, business, family or other material/ relevant relationships).

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. WU Zeyuan. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board and for ensuring that Board meetings are conducted effectively, including setting and approving the agenda for the Board meetings, taking into account, where appropriate, matters proposed by the other Directors. With the support of the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner. The Chief Executive Officer focuses on the Company's business development and the daily management and operations generally. 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 will provide solid and continuous leadership to both the Board and the management of the Group with his extensive experience and knowledge in management and operation of the Group. Further, the Board has also considered and is of the view that the composition of the executive, the non-executive and the independent non-executive Directors on the Board and the various committees of the Board formed in overseeing different aspects of the Company's affairs would provide adequate safeguards 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.

The Chairman has encouraged all Directors to make a full and active contribution to the Board's affairs and voice their opinions and has allowed sufficient time for discussion of issues such that Board decisions fairly reflect the Directors' consensus. Further, the Chairman has promoted a culture of openness and debate on the Board by facilitating the effective contribution of non-executive Directors and independent non-executive Directors. Under the leadership of the Chairman, the Board has established good corporate governance practices and procedures and has taken appropriate steps to promote effective communication and engagement with the Shareholders.

Independent Non-executive Directors

During the year ended December 31, 2024 and up to the Latest Practicable Date, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The views of the independent non-executive Directors carry weight in the Board's decisions, and their participation helps the Board exercise judgement, make decisions and act objectively in the interests of the Company and its Shareholders as a whole.

Terms of Appointment of Non-executive Directors

Code Provision B.2.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Each of the non-executive Directors and independent non-executive Directors (excluding Mr. LAI Xiaoling, Mr. CHEN Jiarong, Mr. HONG Yupeng, Ms. KUI Yingchun and Ms. POON Philana Wai Yin) has signed a letter of appointment with the Company for an initial term of three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner) and is subject to retirement by rotation at an annual general meeting at least once every three years. Such letters of appointment were renewed on identical terms (i) on June 3, 2019 for a further term of three years or until the third annual general meeting of the Company since the date of renewal (whichever is sooner) and (ii) on June 2, 2022 without a specific term.

On September 30, 2020, Dr. GUO Yihong voluntarily entered into a supplemental agreement with the Company to reduce his remuneration to nil with effect from October 1, 2020, in order to avoid any potential conflict arising from offices held in other companies or entities. Likewise, Dr. LEE Kai-fu also voluntarily entered into a supplemental agreement with the Company to reduce his remuneration to nil with effect from June 1, 2023 out of his own will. Dr. LEE Kai-fu retired as a non-executive Director immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on his other personal and business commitments.

Mr. LAI Xiaoling has signed a letter of appointment with the Company and was appointed as an independent non-executive Director commencing on January 1, 2019 until the third annual general meeting of the Company from such commencement date. Such letter of appointment was renewed on identical terms on (i) June 2, 2021 for three years or until the third annual general meeting of the Company since the date of renewal (whichever is sooner) and (ii) on June 2, 2024 without a specific term.

Each of Mr. CHEN Jiarong and Ms. KUI Yingchun has signed a letter of appointment with the Company and was appointed as a non-executive Director and an independent non-executive Director, respectively, commencing on June 3, 2020 for three years or until the third annual general meeting of the Company from such commencement date (whichever is sooner). Such letters of appointment were renewed on identical terms on June 1, 2023 without a specific term. Ms. KUI Yingchun retired as an independent non-executive Director immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on her other personal and business commitments.

Mr. HONG Yupeng has signed a letter of appointment with the Company and was appointed as an independent non-executive Director commencing from June 1, 2023 without a specific term.

Ms. POON Philana Wai Yin has signed a letter of appointment with the Company and was appointed as an independent non-executive Director commencing from June 5, 2024 without a specific term.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

The Board is also responsible for determining the Company's corporate governance policies which include:

(a) developing and reviewing the Company's policies and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The independent non-executive Directors and the non-executive Directors have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments by giving the Board and the Board committees the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board reserves its decisions for all major matters relating to policy matters, investments, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. The Board has delegated the responsibility of implementing the strategies, investments and the daily operations to the management of the Group under the leadership of the executive Director. The Chief Financial Officer and Company Secretary attend all regular Board meetings and Board committee meetings to advise on accounting and financial, corporate governance and statutory compliance matters and to provide the Board and the Board committees with sufficient information to enable them to make an informed assessment of financial and other information put before them for approval. Senior management has formal or informal contact with the Board members as and when necessary and provides all Directors with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge his/her duties under the Listing Rules.

All Directors are required to disclose to the Company details of other offices held by them in public companies or organisations and other significant commitments, and ensure that they can give sufficient time and attention to the affairs of the Company.

Board Meetings, General Meetings and Committee Meetings

The Board meets 4 times a year as a minimum and it met 4 times during the year ended December 31, 2024. The attendance of each Directors at Board and committee meetings and general meetings is detailed in the table below.

	Attendance/No. of Meeting(s)				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meetings
Mr. WU Zeyuan	4/4	–/–	–/–	2/2	1/1
Dr. GUO Yihong	4/4	–/–	–/–	–/–	1/1
Dr. LEE Kai-fu(1)	1/4	–/–	1/2	–/–	1/1
Mr. CHEN Jiarong	3/4	–/–	–/–	–/–	1/1
Mr. HONG Yupeng	4/4	3/3	–/–	–/–	1/1
Mr. ZHOU Hao(2)	4/4	3/3	1/2	2/2	1/1
Mr. LAI Xiaoling	4/4	3/3	2/2	–/–	1/1
Ms. KUI Yingchun(3)	1/4	–/–	1/2	1/2	1/1
Ms. POON Philana Wai Yin(4)	2/4	–/–	1/2	0/2	0/1

Notes:

(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. During the year ended December 31, 2024, Dr. Lee only attended one Remuneration Committee meeting as the second Remuneration Committee meeting took place after Dr. Lee had retired.

(2) 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. During the year ended December 31, 2024, Mr. Zhou only attended one Remuneration Committee meeting as Mr. Zhou was appointed as a member of the Remuneration Committee after the first Remuneration Committee meeting.

(3) 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. During the year ended December 31, 2024, Ms. Kui only attended one Remuneration Committee meeting and one Nomination Committee meeting as the second Remuneration Committee meeting and the second Nomination Committee meeting took place after Ms. Kui had retired.

(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. During the year ended December 31, 2024, Ms. Poon only attended the second Remuneration Committee meeting but did not attend the first Remuneration Committee meeting, any meetings of the Nomination Committee or the annual general meeting as Ms. Poon was only appointed as an independent non-executive Director, a member of the Remuneration Committee and a member of the Nomination Committee after the annual general meeting, the first meeting of the Remuneration Committee and the two Nomination Committee meetings.

Directors are given the opportunity to propose appropriate matters or businesses for inclusion in Board agendas. For regular Board meetings, Directors receive written notice of not less than 14 days and an agenda and accompanying board papers are sent to the Directors in a timely manner not less than 3 days prior to the meeting. For all other Board meetings, Directors are given reasonable notice as far as is practicable in the circumstances.

In accordance with Code Provision C.2.7 of the CG Code, apart from the regular board meetings above, the Chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the year.

Minutes of all Board meetings and Board committee meetings are kept by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board or the Board committees, including any concerns raised or dissenting views expressed by any Director. Draft and final versions of minutes of Board meetings and meetings of Board committees are sent to the Directors or members of the Board committees as appropriate for comment and records after the meeting is held. All the minutes are available for inspection by any Director upon reasonable notice.

Continuous Professional Development of Directors

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Company acknowledges the importance of Directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors have been arranged and reading material on relevant topics would be issued to Directors where appropriate. They are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2024, the following Directors have participated in continuous professional training to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Name of Director	Participated in continuous professional training
Executive Director	
Mr. WU Zeyuan	✓
Non-executive Directors	
Dr. GUO Yihong	✓
Dr. LEE Kai-fu[1]	–
Mr. CHEN Jiarong	✓
Mr. HONG Yupeng	✓
Independent Non-executive Directors	
Mr. ZHOU Hao[2]	✓
Mr. LAI Xiaoling	✓
Ms. KUI Yingchun[3]	–
Ms. POON Philana Wai Yin[4]	✓

Notes:

(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) 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.

(3) 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.

(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.

Directors' knowledge and skills are continuously developed and refreshed by, *inter alia*, the following means:

1. participation in continuous professional training seminars, conferences, courses and/or workshops on subjects relating to, *inter alia*, corporate governance, directors' duties and legal and regulatory changes organized or arranged by the Company, professional bodies and/or lawyers;

2. reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and

3. reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

In compliance with Rule 3.09D of the Listing Rules, Ms. POON Philana Wai Yin, who was appointed as an independent non-executive Director on June 5, 2024, obtained legal advice on the requirements under the Listing Rules applicable to her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on May 20, 2024 and had confirmed she understood her obligations as a Director. Induction sessions were provided to Ms. POON Philana Wai Yin upon her appointment as the independent non-executive Director to ensure that she has a proper understanding of the Group's operations, business and governance policies, as well as her role and responsibilities as Board members.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing specific aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company has set up the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plans and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee is mainly responsible for, *inter alia*, the following matters:

- reviewing the interim and annual financial statements and reviewing significant financial reporting judgments contained in them;

- reviewing the terms of engagement and making recommendations to the Board regarding the appointment, reappointment and removal of auditors of the Company;

- monitoring and assessing the independence of external auditors and effectiveness of the internal control systems;

- developing and implementing the Company's policy on engaging external auditors to supply non-audit services; and

- reviewing the financial information of the Company and oversight of the Company's financial reporting, controlling, accounting policies, practices with external auditors and the management of the Company, risk management and internal control issues.

The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises a majority of independent non-executive Directors and includes members with appropriate accounting or related financial management expertise as required under the Listing Rules. As at the Latest Practicable Date, the members of the Audit Committee are Mr. ZHOU Hao, Mr. LAI Xiaoling and Mr. HONG Yupeng. Mr. HONG Yupeng is a non-executive Director, and Mr. LAI Xiaoling and Mr. ZHOU Hao are independent non-executive Directors. Mr. ZHOU Hao is the chairman of the Audit Committee. None of the members of the Audit Committee was a partner of the Company's auditor within two years immediately before his appointment.

The Audit Committee held 3 meetings during the year ended December 31, 2024. Individual attendance record of each Committee member is set out on page 72 of this annual report. During the meetings, the Audit Committee reviewed the annual results announcement and the annual report of the Group for year ended December 31, 2023, the interim results announcement and interim report of the Group for the six months ended June 30, 2024, internal control and risk management systems of the Group, the effectiveness of the Group's internal audit function and its other duties under the CG Code, etc.

During the year ended December 31, 2024, the Audit Committee held 3 meetings with the Auditor to discuss the audit scope and other material audit issues for the preparation of the Group's financial statements and annual and interim reports.

Remuneration Committee

The Company has set up the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are as follows:

- to assist the Board in reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- to assist the Board in reviewing and making recommendations to the Board on the remuneration policy and structure for all Directors and senior management;
- to make recommendations to the Board on the remuneration of non-executive Directors and new independent non-executive Director;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review, provide its view and/or approve matters relating to the Group's share schemes under Chapter 17 of the Listing Rules; and
- to establish transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee comprises a majority of independent non-executive Directors. Dr. LEE Kai-fu and Ms. KUI Yingchun retired as members of the Remuneration Committee immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on their other personal and business commitments. Mr. ZHOU Hao and Ms. POON Philana Wai Yin, both a current independent non-executive Director were 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 and Ms. KUI Yingchun's retirement respectively. As at the Latest Practicable Date, the members of the Remuneration Committee are Mr. LAI Xiaoling, Mr. ZHOU Hao and Ms. POON Philana Wai Yin, all of whom are independent non-executive Directors. Mr. LAI Xiaoling is the chairman of the Remuneration Committee.

The Remuneration Committee held 2 meetings during the year ended December 31, 2024. Individual attendance record of each Committee member is set out on page 72 of this annual report. During the meeting, the Remuneration Committee reviewed the remuneration policy and structure as well as matters relating the Group's share schemes under Chapter 17 of the Listing Rules (including but not limited to whether any changes to the terms of options or awards granted to Directors and/or senior management of the Company would be necessary), assessed performance of the executive Director and approved the terms of the executive Director's service contract, and made recommendations to the Board on the annual remuneration packages of the executive Director, the senior management and new independent non-executive Director and other related matters.

The Remuneration Committee has also considered and reviewed the grant of the share awards pursuant to the Post-IPO Share Award Scheme and the 2024 Share Award Scheme during the year ended December 31, 2024 to Mr. Wu and certain key employees and consultants of the Group (including but not limited to the final number of share awards granted pursuant to the Post-IPO Share Award Scheme and the 2024 Share Award Scheme, the vesting schedule with the vesting period for some of the share awards being on a monthly basis, the grant of share awards with or without performance targets, the clawback/lapse mechanism, etc.), and is of the view that the terms and conditions of such grants provided a market competitive remuneration package to each of Mr. Wu and the relevant key employees and consultants of the Group, are consistent with the Company's remuneration policy, and are appropriate and align with the purposes of the Post-IPO Share Award Scheme and the 2024 Share Award Scheme, in order to recognise the contributions made by Mr. Wu and certain key employees and consultants to the Group and to attract and retain their talents for the continuous operations and development of the Group.

Details of the fees and other emoluments paid or payable to the Directors for the year ended December 31, 2024 are set out in Note 34 to the audited consolidated financial statements contained in this annual report.

The remuneration of the members of senior management (including the executive Director) by band for the year ended December 31, 2024 is set out below:

	Number of members of senior management
Nil to HK$500,000	–
HK$500,001 to HK$1,000,000	–
HK$1,000,001 to HK$5,000,000	–
HK$5,000,001 to HK$10,000,000	2
HK$10,000,001 to HK$15,000,000	1
HK$15,000,001 to HK$20,000,000	–
Total	3

Nomination Committee

The Company has set up the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee include the following matters:

- reviewing the Board composition and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- developing and formulating relevant procedures for the nomination and appointment of Directors;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of the Company; and

- assessing the independence of independent non-executive Directors.

The Nomination Committee comprises a majority of independent non-executive Directors. Ms. KUI Yingchun retired as a member of the Nomination Committee immediately after the conclusion of the annual general meeting of the Company held on June 5, 2024 in order to devote more time to focus on her other personal and business commitments and Ms. POON Philana Wai Yin, a current independent non-executive Director was appointed as a member of the Nomination 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. As at the Latest Practicable Date, the members of the Nomination Committee are Mr. WU Zeyuan, Mr. ZHOU Hao and Ms. POON Philana Wai Yin. Mr. WU Zeyuan is an executive Director, and Mr. ZHOU Hao and Ms. POON Philana Wai Yin are independent non-executive Directors. Mr. WU Zeyuan is the chairman of the Nomination Committee.

The Nomination Committee held 2 meetings during the year ended December 31, 2024. Individual attendance record of each Committee member is set out on page 72 of this annual report. During the meetings, the Nomination Committee reviewed the composition of the Board, the diversity of the Board, assessed the independence of independent non-executive Directors and recommended to the Board on the re-election of Directors and nomination of the new independent non-executive Director.

Board Independence

The Company acknowledges that the Board's independence is critical to good corporate governance and has in place mechanisms to ensure that independent views and input are available to the Board. The Board has consistently ensured that the Board committees, in particular the Nomination Committee, are comprised of a majority of independent non-executive Directors. Matters that arise and considered at the Board committee level are decided by a majority of votes which assures that the views and recommendations given to the Board by the Board committees are predominantly objective and independent. The Company also provides the Board committees with sufficient resources to perform its duties professionally and independently, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting and/or other advisors at the expense of the Company. The composition of the Board committees and its effectiveness in delivering the Board with independent views and recommendations are reviewed by the Board on an annual basis. During the year, the Board has reviewed the implementation of the Board's independence mechanisms and considered that it remained effective.

Board Diversity Policy

The Company adopted a board diversity policy (the "**Diversity Policy**") on November 20, 2016 and amended it on December 20, 2018 and March 30, 2023, which sets out the Company's approach to achieving diversity of the Board.

Pursuant to the Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Diversity Policy further provides that the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. In particular, the Nomination Committee will identify and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, their skills will prepare them for board positions. The Nomination Committee is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will review the Policy as appropriate and recommend revisions, if any, to the Board for consideration and approval. During the year, the Board has reviewed the implementation of the Board diversity policy and considered that it remained effective.

The Nomination Committee is also committed to ensuring that gender diversity is achieved within the Board under which no particular gender should constitute more than 90% of the Board. Currently, the Board comprises of six male Directors and one female Director, and the Nomination Committee is of the view that there is no current need to increase the composition of female Directors to the Board.

Policy for Nomination of Directors

On December 20, 2018, the Company also adopted a nomination policy (the "**Nomination Policy**") in accordance with the CG Code, which sets out the procedure for the selection, appointment and reappointment of Directors containing the selection criteria and the Board succession planning considerations. The Nomination Policy is reproduced as follows.

1. Objective
   - 1.1 The Nomination Committee is committed to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.
   - 1.2 The Nomination Committee shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders for election of Directors at a general meeting either to fill a casual vacancy or as an addition to the Board.
   - 1.3 The Nomination Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (the "**Succession Planning**"), in particular, the chairman of the Board and the chief executive officer of the Company.
   - 1.4 The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of Directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.
   - 1.5 The ultimate responsibility for selection and appointment of Directors rests with the entire Board.
   - 1.6 The Nomination Committee shall assess the independence of independent non-executive Directors.

2. Selection Criteria
   - 2.1 The factors listed below would be used as reference by the Nomination Committee in assessing the suitability and the potential contribution to the Board of a proposed candidate:
     - Reputation for integrity;
     - Professional qualifications and skills;

- Accomplishment and experience in (i) the provision of Internet services, including but not limited to, online advertising, IVAS and e-commerce; and (ii) the design, development and sales of smart hardware;

- Commitment in respect of available time and attention to the affairs of the Company and relevant interest;

- Independence of proposed independent non-executive Directors including the number of listed company directorships held by proposed independent non-executive Directors and the length of tenure with the Company for any existing independent non-executive Directors proposed to be re-appointed; and

- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

2.2 The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person to the Board, as it considers appropriate.

3. Nomination Procedures

3.1 Nomination by the Nomination Committee

3.1.1 The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from the Board, if any, for consideration by the Nomination Committee prior to its meeting.

3.1.2 The Nomination Committee shall nominate candidates for the consideration and recommendation of the Board. The Nomination Committee may propose candidates who are not nominated by the Board. The Board shall have the final decision on all matters in relation to its nomination of any candidates to stand for election at a general meeting.

3.1.3 The candidate nominated by the Board to stand for election at a general meeting (the "**Board Candidate**", together with the Shareholder Candidate defined in Section 3.2 below, the "**Candidate**") will submit the necessary personal information, together with his/her written consent to be elected as a Director and to the publication of his/her personal information for the purpose of or in relation to his/her standing for election as a Director. The Nomination Committee may request the Board Candidate to provide additional information and documents, if considered necessary.

3.1.4 A circular will be sent to the Shareholders (the "**Shareholder Circular**") as to provide information of the Board Candidate, and to invite nominations from the Shareholders. The Shareholder Circular will include (i) the period for lodgment (the "**Lodgment Period**") of nominations by the Shareholders; (ii) the personal information of the Board Candidate as required by the applicable laws, rules and regulations, inter alia, name, brief biographies (including qualifications and relevant experience), independence, proposed remuneration.

3.1.5 Until the issue of the Shareholder Circular, the Board Candidate shall not assume that he/she has been nominated by the Board to stand for election at the general meeting.

3.2 Nomination by Shareholders

The Shareholders may also propose a person for election as a Director (such candidate, the "**Shareholder Candidate**") in accordance with the Memorandum and Articles of Association of the Company and the applicable law, details of which are set out in the *"Procedures for Shareholders to Propose a Person for Election as a Director of the Company"* adopted by the Company pursuant to a resolution passed at the meeting of the Board held on November 20, 2016.

3.3 The Candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company ("**Company Secretary**").

3.4 The resolution for election of Directors for the Shareholder Candidate shall take the same form as for the Board Candidate.

4. Succession planning

4.1 The objective of the Succession Planning is to ensure an effective and orderly succession of Directors and to maintain the balance of diversity (including gender diversity), collective knowledge and skills of the Board necessary for the effective governance of the Company.

4.2 The following considerations and measures will be used by the Nomination Committee in making recommendations for the Succession Planning:

4.2.1 Required knowledge, skills and experience at a full Board composite level to effectively fulfill the Board's legal role and responsibilities;

4.2.2 An appropriate balance of diversity across the Board pursuant to the Diversity Policy and as set out in Section 2.1 and Section 5 of the Nomination Policy;

4.2.3 Personal qualities of each candidate with reference but not limited to the factors listed in Section 2.1 of the Nomination Policy;

4.2.4 Continuity through a smooth succession of Directors; and

4.2.5 Compliance with the relevant legal and regulatory requirements.

4.3 The above considerations are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee will review the Succession Planning together with the Board periodically, and recommend revisions, if any, to the Board for consideration and approval.

5. Board diversity

5.1 The Nomination Committee will review annually the structure, size and composition (including gender composition) of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

5.2 The Nomination Committee will also review annually the implementation and effectiveness of the Company's Diversity Policy and discuss and agree periodically on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. The Nomination Committee will identify and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, their skills will prepare them for Board positions.

6. Confidentiality
    6.1 Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or an employee of the Company disclose any information to or entertain any enquiries from the public with regard to any nomination or candidature before the Shareholder Circular, as the case may be, is issued. Following the issue of the Shareholder Circular, the Nomination Committee or the Company Secretary or other employee of the Company approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and the Candidate should not be disclosed.

7. Monitoring and reporting
    7.1 The Nomination Committee will report annually a summary of the Nomination Policy including the nomination procedures, criteria for selection, the diversity policy and the progress made towards achieving these objectives in the Company's Corporate Governance Report.

8. Review of the Nomination Policy
    8.1 The Nomination Committee will review the Nomination Policy as appropriate and recommend revisions, if any, to the Board for consideration and approval.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. The Board has performed the above duties during the year ended December 31, 2024.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company, PricewaterhouseCoopers, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 140 to 145 of this annual report.

DIVIDEND POLICY

The Company adopted a dividend policy (the "**Dividend Policy**") in accordance with the CG Code, which outlines the factors that should be taken into account in determining any dividend for distribution to the Shareholders. Under the Dividend Policy, subject to applicable laws and the Articles and the Company's financial needs as determined by the Board in the forthcoming year, the Board will declare and distribute a regular annual dividend based on a percentage of the Group's annual Adjusted Net Profit attributable to Owners of the Company. In addition, the Shareholders may in general meeting declare dividends, but no dividend may be declared in excess of the amount recommended by the Board. In either case, a dividend may be declared and be paid out of the profits of the Company, or from any reserve set aside from profits which the Directors determine is no longer needed, or out of the Share Premium Account. In no circumstances may any dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Even if the Board decides to pay dividends, the declaration, payment and amount of dividends will depend upon the Company's earnings and financial condition, operating requirements, capital requirements and any other conditions that the Board considers relevant.

Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from our subsidiaries. Regulations in China may restrict the ability of our Chinese subsidiaries to pay dividends to the Company.

The Company does not have a fixed dividend payout ratio but the Company intends to maintain a final dividend payout ratio of approximately 40% of the Group's annual Adjusted Net Profit attributable to Owners of the Company.

If the Company pays any dividends on the Shares, unless and to the extent that the rights attached to the Shares, or the terms of issue thereof otherwise provide, (i) all dividends will be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on Shares in advance of calls may for this purpose be treated as paid up on the Shares; and (ii) all dividends will be apportioned and paid pro rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any of the Shareholders all sums of money (if any) presently payable by such Shareholders to the Company on account of calls, installments or otherwise.

The Dividend Policy reflects the Board's current views on the Company's financial and cash flow position. It will continue to be reviewed from time to time but given that the Group's annual Adjusted Net Profit attributable to Owners of the Company may deviate from year to year, there can be no assurance that dividends will be paid in any particular amount, for any given period.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management process

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness.

The Group's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures.

The Group has a designated risk management and internal control team which is responsible for identifying and monitoring the Group's risks (including, amongst others, material risks relating to environmental, social and governance) and internal control issues and reports directly to the Board of any findings and follow-up actions. Each department of the Group is also required to adhere strictly to the Group's internal control procedures/policies and report to the risk management and internal control team of any risks or internal control issues.

The Audit Committee also reviews the Company's financial controls, risk management and internal control systems/policies on a regular basis. During the year ended December 31, 2024, the Audit Committee conducted reviews of the effectiveness of the risk management and internal control system/policies of the Group. The reviews had covered various aspects of the Group's risk management and internal control system/policies covering all material controls, including financial, operational and compliance controls. The reviews results were reported to the Board. The Board is satisfied that such systems/policies are effective and adequate.

The Group has also adopted an information disclosure policy which has set out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is entrusted with the responsibility for monitoring and implementing the procedural requirements in the information disclosure policy. The systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established an internal audit function which is responsible for identifying and monitoring the Group's risks and internal control issues. In 2016, the Group engaged an independent third-party external advisor to review the risk management and internal control systems of the Group. In 2017 and 2018, the Board has further strengthened the risk management and internal control systems/policies of the Group by having recruited suitable manpower and qualified personnel to cope with the present structure and scale of operations of the Group. Results of audit work together with an assessment of the overall internal control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issues.

Review on risk management and internal control system

The Company reviews on an annual basis and has conducted an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended December 31, 2024 and confirmed that the Group's risk management and internal control system in respect of financial, operational, compliance, risk management and adequacy of resources, are effective and adequate. The Board was also satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting, and ESG performance and reporting functions.

AUDITOR'S REMUNERATION

A breakdown of the remuneration payable to the external Auditor of the Company, PricewaterhouseCoopers, in respect of the audit services and the non-audit services for the year ended December 31, 2024 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services	6,250
Non-audit Services	660
	6,910

The non-audit services conducted by the external auditor mainly include due diligence services.

COMPANY SECRETARY

Mr. NGAN King Leung Gary ("**Mr. Ngan**"), our Chief Financial Officer, was appointed as a joint company secretary of the Company on August 2, 2016, and became the sole company secretary of the Company on December 15, 2019. He is also a director of Starii Tech Pty Ltd, a subsidiary of the Company. Mr. Ngan reports to the Chairman and is primarily responsible for the overall financial strategy, investor relations and company secretarial matters of the Group. Prior to joining our Group, Mr. Ngan held the positions of chief operating officer and chief financial officer at Forgame Holdings Limited, a mobile games and webgames company listed on the Stock Exchange (Stock Exchange Stock Code: 484) where he worked from May 2012 to June 2015, and was the director and head of Hong Kong and China Internet research at UBS AG, where he worked from July 2006 to April 2012. Mr. Ngan received his bachelor of science degree in economics from the Wharton School, University of Pennsylvania in 2006. He has been a CFA Charterholder since 2010. Mr. Ngan was also the joint company secretary of Forgame Holdings Limited from February 2013 to November 2014. Mr. Ngan has also been an independent non-executive director of Pop Mart International Group Limited (Stock Exchange Stock Code: 9992) since its listing on the Stock Exchange in December 2020.

During the year ended December 31, 2024, Mr. Ngan has complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

Corporate Governance Report

DIVERSITY IN WORKFORCE AND SENIOR MANAGEMENT

In addition to diversity of the Board, the Company is also committed to ensuring that gender diversity is achieved in its workforce and senior management. As at the Latest Practicable Date, our workforce comprises approximately 54.33% males and 45.67% females and our senior management comprises two key personnel, all of whom are male. One of our female senior management personnel had left the Group during 2024 and as at the Latest Practicable Date, there are no plans to replace such headcount with a senior management personnel.

Since the existing diversity of gender in our workforce is considered to be well-balanced, the Company plans to maintain a similar level of male-to-female ratio in the years forward and has in place a policy that no particular gender should constitute more than 70% of its workforce. As for senior management personnel, while the Company strives to ensure that gender diversity will be achieved as far as possible, given the essential function and limited number of senior management personnel, it is also a priority that their selection is based on the person's experience, qualifications, skills, integrity and ability to manage the Company's affairs properly to ensure elitism in order to drive the success of the Company and maximise Shareholders' value. Given that there is currently no plan to increase the number of senior management key personnel, it will be difficult to ensure gender diversity at the senior management level in the foreseeable future.

ANTI-CORRUPTION AND WHISTLE-BLOWING POLICY

The Company is committed to upholding ethical principles and has zero tolerance for bribery, extortion, fraud and money laundering. As such, the Company has formulated internal policies, including the "Employee Handbook", "Policy on Staff Discipline", "Policy on Sending and Accepting Gifts by Employees" and "Anti-Fraud and Reporting System", to specify the procedures of making declarations of interests and anti-corruption measures. For further details, please refer to the section headed "Anti-corruption and Whistle-blowing" in the Environmental, Social and Governance Report of the Company.

CHANGES IN CONSTITUTIONAL DOCUMENTS

In June 2024, the Company amended its Articles of Association in order to (i) bring it in line with the relevant requirements of the applicable laws of the Cayman Islands and recent amendments to the Listing Rules in relation to the expanded paperless listing regime, (ii) provide greater flexibility to the Company in relation to the dissemination of corporate communications to the Shareholders electronically and the conduct of general meetings by allowing (but not requiring) general meetings to be held as an electronic meeting and/or a hybrid meeting where Shareholders may attend by electronic means in addition to as a physical meeting where Shareholders attend in person, and (iii) make some other housekeeping changes. The proposal for the amendments to the Articles of Association was considered and approved at the Company's annual general meeting held on June 5, 2024. Further details about the amendments to the Articles of Association can be found in the Company's announcement and circular on May 3, 2024 and May 8, 2024, respectively. The existing Articles of Association are available for viewing on the websites of the Company and the Stock Exchange. There have been no changes to the Articles of Association since the Company's annual general meeting held on June 5, 2024.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, Shareholders are given advanced notice of all general meetings of the Company in accordance with the Articles of Association by way of announcements posted on the websites of the Company and of the Stock Exchange pursuant to the Listing Rules and a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting. The procedures for conducting a poll are explained at general meetings and questions raised by Shareholders on voting by poll are appropriately addressed.

Convening an Extraordinary General Meeting by Shareholders

Under Article 58 of the Articles of Association, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Act. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address	:	Room 8106B, Level 81 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong (For the attention of the Board of Directors/Company Secretary)
Email	:	ir@meitu.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers effective communication with Shareholders essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and, in particular, through annual general meetings and other general meetings. At annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. During the year ended December 31, 2024, the Company held an annual general meeting on June 5, 2024, at which the chairman of the Board and/or the chairman of each of the Board committees (as appropriate) and the Company's Auditor were present to answer questions from the Shareholders.

The Company discloses information and publishes periodic reports and announcements to the public in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. The Board reviews on an annual basis the implementation and effectiveness of the Company's communication policy with Shareholders and considers that the Company maintains an effective communication channel with the Shareholders during the year ended December 31, 2024 as the Company had not received any complaints from any Shareholder as to the effectiveness of its Shareholder's communication system in place during the year ended December 31, 2024. The Board will continue to take note of any complaints or feedbacks received as to any shortfalls in its Shareholder communication policy and where necessary, establish additional policies to ensure better and more effective communication with Shareholders.

The Company's existing Articles of Association were adopted at the annual general meeting held on June 5, 2024 and became effective after the close of the annual general meeting held on June 5, 2024. The Articles of Association are available for viewing on the websites of the Company and the Stock Exchange. Save as disclosed in the sub-section headed 'CHANGES IN CONSTITUTIONAL DOCUMENTS' in this corporate governance report, there have been no changes to the Articles of Association since the Company's annual general meeting held on June 5, 2024.

Environmental, Social and Governance Report

1. HIGHLIGHTS

1.1 Outstanding KPIs

Social

83%[1] Users utilizing AI features across all Meitu products	**45.93%**[2] Users utilizing GenAI features among paying MAU
#1 and #2 Positions Achieved on the app stores of 9 countries outside of Mainland China	**approximately 266 million** MAU
over 12.61 million Paying subscribers	**1:1.23** Female: male employee ratio
53% Employees trained	**8,437 Hours** Total employee training hour
100% Employees benefited from well-being initiatives	**18+** Community initiatives launched and supported

1. This metric is calculated based on the saved photos and videos from users across all products; and it counts the usage of features that contain GenAI (defined hereunder) and/or traditional AI. Data is based on the daily averages from December 16, 2024, to December 22, 2024.
2. In December 2024, the proportion of paying MAU utilizing GenAI features to generate images and videos (most GenAI features require payment before generation).

Social

10 million+ Times	**87 million+ Times**	**RMB180,000**
Total usage of sustainability-themed filters and stickers by users[3]	Total user exposure of sustainability-themed filters and stickers[4]	Total donations

Governance

100%	**100%**	**45**
Employees and the Board attended anti-corruption training	Data security audit conducted across all core products[5]	Patents obtained
100%	**6**	
AI products adhere to AI Ethics Principles[5]	AI Ethics Principles established with the development of AI Framework[5]	

Environmental

0.05 t-CO_2e/m^2	**0.08MWh/m^2**	**0.001 Tonnes/m^2**
Total GHG emissions intensity[6]	Total energy intensity	Total waste generated intensity[7]
0.42m^3/m^2		
Water intensity		

1.2 Key Projects of the Year

Innovations at Meitu

Creativity is evolving, and AI is transforming the way ideas take shape. Meitu is at the forefront of this shift, moving beyond social sharing to deliver generative AI ("**GenAI**")-powered productivity tools that redefine how creators and businesses bring their visions to life.

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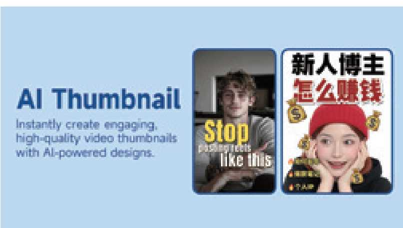
3 The usage figure takes into account, among others, the number of downloads and saves by users of the relevant filters and stickers.
4 The user exposure figure refers to the number of times users are exposed to sustainability-themed filters and stickers.
5 These matters were actively addressed during the Reporting Period and finalized prior to the publication of this Report.
6 Total greenhouse gas ("**GHG**") emissions intensity includes scope 1 and scope 2 emissions.
7 Total waste generated intensity includes hazardous and non-hazardous waste.

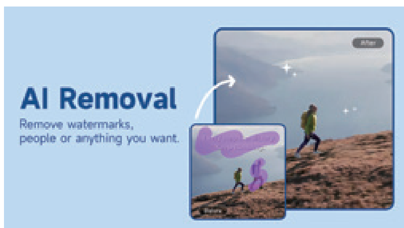
Environmental, Social and Governance Report

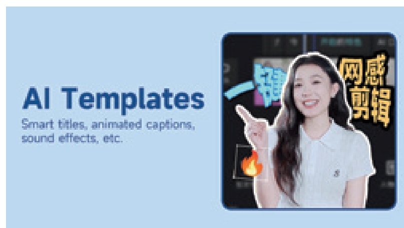
At the third Meitu Multimedia Festival, we unveiled the latest portfolio of our Photo, video and design products, each powered by our proprietary GenAI model *MiracleVision*, such as *DesignKit* and *Kaipai*.

DesignKit – Must-have tool for e-commerce professionals

Kaipai – Create video podcasts with AI







For more details on the key features of our AI-powered products, please refer to the Innovation section.

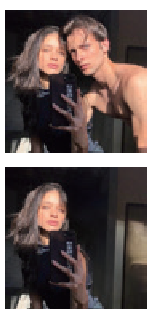
Transforming Creativity with AI: Meitu's MiracleVision x Samsung's W25 and W25 Flip6 Series
In the era of GenAI, creativity is no longer confined to professional studios – it's in the hands of every user. Meitu's *MiracleVision*, now integrated into the Samsung's W25 and W25 Flip6 series, brings advanced GenAI directly to users – transforming the way they create, edit, and personalize content with ease and precision.

AI Photo Assist

- AI Removal – Tap to erase unwanted objects instantly, with AI seamlessly reconstructing the background for a flawless finish

- AI Extender – Adjust angles or fill backgrounds, letting AI fill in missing details for a perfectly balanced composition

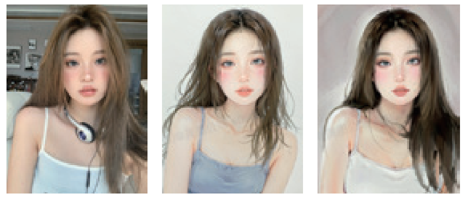
▼ AI Removal



▼ AI Extender

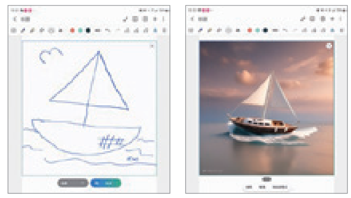
AI Portrait Studio

- AI Portrait – Turn self-portraits into stunning, artistic masterpieces with AI-powered enhancements



AI Sketch to Image

- AI Sketch to Image – Create from scratch or enhance any photo as AI transforms the sketch into a fully realized image



AI-Powered Growth and Global Reach

Meitu's earnings surged as AI-driven Photo, video, and design products boosted user payments and global adoption. The MAU of *Wink*, which is one of our Products for leisure and an AI-powered video editing app, has surpassed 30 million by the end of December 2024, making it the third-largest application in our product portfolio, following *the Meitu app* and *BeautyCam*.

1.3 Awards and Recognition

01

The 3rd Pixel-level Video Understanding in the Wild Challenge

2nd Place Award in the 3rd Pixel-level Video Understanding in the Wild Challenge VSS Track, CVPR 2024

2nd Place in the 3rd Pixel-level Video Understanding in the Wild Challenge, MOSE Track, CVPR 2024

3rd Place Award in the 3rd Pixel-level Video Understanding in the Wild Challenge VPS Track, CVPR 2024

02

2024 Golden Sail Awards: 2024 Outstanding AI Ecosystem Enterprise
（2024年度金帆獎－2024年度優秀AI生態企業）

03

Gold Award at Shanghai International Public Service Advertising Competition
（上海國際公益廣告大賽金獎）

04

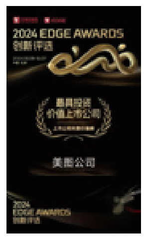
2024 Capital Market Value Impact Rankings: Most Investment-Worthy Award
（2024年度資本市場最具價值影響力榜單－2024最具投資價值獎）

05

WAVE 2024: 2024 Leading App Globalization Pioneer
（WAVE 2024全球領航者大會：2024年應用出海領航者）

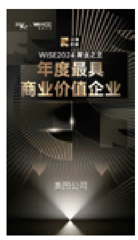
06

QBITAI AWARDS 2024: Annual Leading AI Enterprise
（2024量子位人工智能年度評選－人工智能年度領航企業）



07

2024 EDGE AWARDS: Most Investment-Worthy Listed Company
（2024年EDGE AWARDS全球創新評選－最具投資價值上市公司）



08

WISE 2024 Annual Most Commercially Valuable Enterprise
（WISE 2024年度最具商業價值企業）

Environmental, Social and Governance Report

2. INTRODUCTION

2.1 About This Report

Purpose and Objective

This is the ninth Environmental, Social and Governance ("**ESG**") Report (the "**Report**") for Meitu, Inc. (the "**Company**", and, together with its subsidiaries and consolidated affiliates, collectively known as "**Meitu**", the "**Group**" or "**We**"). The purpose of this Report is to provide a clear and transparent overview of our sustainability management approach, strategies, initiatives and performance of our material sustainability issues, enabling our key stakeholders to strengthen their understanding of the Group and our ESG efforts.

Reporting Scope and Period

Unless otherwise stated, the reporting scope includes, and is identified by the level of operations in the locations where we operate our core businesses, covering our headquarters and main offices in the PRC, Hong Kong, Singapore and Australia which account for over 90% of the Group's total revenue for the period from January 1, 2024 to December 31, 2024 (the "**Reporting Period**"). Singapore and Australia have been added to the reporting scope due to considerable revenue growth outside of Mainland China and to ensure a more representative disclosure of our global presence.

Reporting Standards

The Report has been prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HKEX**").

Reporting Principles

In the course of this Report's preparation, we have adhered to the four reporting principles stipulated in the ESG Reporting Guide to disclose our sustainability performance: materiality, quantitative, balance and consistency. Our application of these reporting principles is described below.

	Reporting Principles	Our Application
Materiality	The ESG issues covered in this Report should be sufficiently important to investors and other stakeholders that they should be reported.	The Group identifies the ESG topics that are material to our business operations and our key stakeholders through ongoing engagement with our stakeholders and regular assessment of the materiality of sustainability topics. Please refer to the sections of "Stakeholder Engagement" and "Materiality Assessment" for further details of our stakeholder engagement approach and materiality analysis.
Quantitative	The Report should disclose key performance indicators in a way that is measurable. Targets should be set to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and comparison can be conducted when appropriate.	The Report discloses its key environmental and social performance indicators in a quantitative way, where applicable.
Balance	The Report should present the positive and negative information of the Group in an objective and unbiased manner. The Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report reader.	The Report discloses both achievements and challenges in an objective way, to provide a balanced and unbiased picture of the Group's ESG performance.
Consistency	The Group should confirm that the methodologies used in preparation of the ESG Report are consistent with that adopted for the prior years, or state the revised reporting methods, or illustrate other relevant factors that will affect meaningful comparison of ESG data over time.	The reporting scope and reporting methodology are substantially consistent with those of the prior year, and necessary explanations have been provided on any changes to the methodology used as compared to the previous year in the Report.

Access to the Report

As part of the Group's annual report, the Report has been prepared in both English and Chinese, and is available on the Group's website at www.meitu.com. In case of any discrepancy between these two versions, the English version shall prevail.

Your Feedback

We greatly value feedback and suggestions from our stakeholders regarding our sustainability performance and reporting. Your input is crucial in driving ongoing enhancements in our sustainability strategy. Please share your feedback at email: ir@meitu.com.

Environmental, Social and Governance Report

2.2 About Meitu

Founded in 2008, Meitu is a technology company with beauty at its core and artificial intelligence ("AI") as its driving force. We are committed to creating excellent digital creation tools to make the production of photos, videos, and designs easier.

Our Culture	Our Mission	Unite art and technology elegantly
	Our Values	Be inquisitive and practical Be humble and seek truth from facts Motivated to win Aim high and hit

Product Portfolio

Powered by GenAI, Meitu emphasizes the combination of art and technology as the foundation of our product development.

	AI-powered Image Editing	AI-powered Video Editing	AI-powered Design	AI-powered Marketing
Applications	*The Meitu app* World-renowned photo & video editing software	*Wink* Edit videos the same way you edit photos	*DesignKit* Must-have tool for e-commerce professionals	*QIMI* AI game advertisement production and delivery platform
	BeautyCam Capturing your beauty	*Kaipai* Create video podcasts with AI	*WHEE* High-quality AI content generator	
	MeituYunxiu Professional-grade AI batch photo editing tool	*MOKI* Create short videos with AI		

Ecosystem	*ZCOOL* China's leading visual creativity platform	*ZCOOL HelloRF* Commercial copyright platform	*ZCOOL Education* Online art & design education platform	*ZCOOL Design Service* Premium design service platform	*RoboNeo* Meitu's AI assistant
Model	*MiracleVision*				

2.3 Stakeholder Engagement

We acknowledge the importance of nurturing strong relationships with our stakeholders. Through proactive engagement with our major stakeholders, we seek to understand the sustainability issues that are of greatest significance to them, enabling us to effectively respond to their needs and expectations. Given the nature of our business, we utilize a range of channels to maintain close communications with various groups of stakeholders, including investors and shareholders, customers and users, government, community, employees, as well as suppliers.

Employees

- Various MT-Club activities
- Internal communication system
- Meetings
- Performance appraisals

Customers and Users

- The Group's website
- Mass media
- Direct communication
- Customer satisfaction surveys
- Social media
- Customer service hotline

Suppliers

- Field trips
- Assessments
- Continuous audits
- Direct communication

Investors and Shareholders

- Meetings
- Annual reports
- Investor briefings
- The Group's website
- Roadshow
- Investor summits
- Direct communication

Government

- Direct communication
- Annual meeting
- Forums
- Seminars and workshops

Community

- The Group's website
- Mass media
- Social media
- Direct communication

2.4 Materiality Assessment

Conducting a materiality assessment enables us to identify the most important sustainability topics for both our business and stakeholders, therefore determining the relevant material sustainability topics that should be disclosed and highlighted in this Report. During the Reporting Period, in addition to the above regular communication channels, we performed a materiality assessment with the support of an independent sustainability consultant. The results of the materiality assessment and relevant ESG topics are regularly discussed and reviewed by our ESG Working Group and the Board.

Our materiality assessment involves multiple stages: identification, prioritization, as well as validation. The details of the procedures and steps of the Group's materiality assessment are as follows:

Input	ESG Issues	Output
• Documentary analysis • Sector intelligence • Reference framework (e.g., SASB, MSCI)		• Identified a total of 26 ESG related issues
Online survey sent to • stakeholders including employees, customers, suppliers, shareholders and investors		• Prioritized 16 material issues based on survey data
• Development of materiality matrix based on survey results • Approval of most material issues by the ESG Working Group		• Validated list of ESG-related material issues

Materiality Matrix

As shown in the materiality matrix below, we have mapped out and prioritized the 26 sustainability issues according to their importance to stakeholders (y-axis) and their importance to our business continuity and development (x-axis). These rankings are based on the aggregated scores garnered from both internal and external stakeholders via an online questionnaire. The materiality matrix reflects the relevance of the sustainability issues to Meitu, as well as their overall importance to the environment and society as perceived by the Group and our stakeholders. The most material issues are listed in Tier 1 of the matrix, while less material issues are listed in Tier 3. During the Reporting Period, a total of 16 issues from Tier 1 were identified as the most material issues and will be emphasized in this Report.

Materiality Matrix

Importance to stakeholders is determined by external stakeholders' rating of the material issues in terms of their importance to the society/environment and their relevance to Meitu.

^ Importance to business continuity and development is determined by internal stakeholders' rating of the likelihood and level of potential impact of the issues affecting Meitu's business continuity and development.

List of ESG-related Material Issues

Materiality	Issues	ESG Priorities	Corresponding Chapter
Tier 1: The Most Material Issues	7. Green Procurement	Environment	Waste and Packaging Materials
	9. Employee Benefits	Social	Health and Well-being
	10. Equal Opportunity, Diversity, and Inclusion	Social	Diversity, Equity and Inclusion
	11. Occupational Health and Safety	Social	Health and Well-being
	12. Employee Development and Training	Social	Talent Development
	13. Employment Compliance	Social	Diversity, Equity and Inclusion
	15. Service and Product Quality	Social	Innovation
	16. Customer Service and Experience	Social	Innovation
	17. Product Research, Development, and Innovation	Social	Innovation
	18. Digital Inclusion and Technology Accessibility	Social	Digital Inclusion
	19. Supporting Industry-Wide Digital Transformation	Social	Digital Inclusion
	22. Data Protection and Cybersecurity	Governance	Data Privacy and Information Security
	23. Intellectual Property Protection	Governance	Intellectual Property
	24. Responsible Marketing and Advertising	Governance	Advertising and Labelling
	25. Anti-Corruption	Governance	Anti-corruption and Whistleblowing
	26. Anti-Monopoly and Fair Competition	Governance	Anti-corruption and Whistleblowing
Tier 2: Moderate Material Issues	14. Social Risks in the Supply Chain	Social	Responsible Supply Chain
	20. Community Engagement and Philanthropy	Social	Societal Impact
	21. Industry Leadership in Environmental and Sustainability Practices	Social	Societal Impact
Tier 3: Less Material Issues	1. Air Emissions	Environment	Energy, Air and GHG Emissions
	2. Waste Disposal and Recycling	Environment	Waste and Packaging Materials
	3. Energy Efficiency and Greenhouse Gas Emissions	Environment	Energy, Air and GHG Emissions
	4. Water Efficiency and Conservation	Environment	Water Resources
	5. Packaging Material Consumption	Environment	Waste and Packaging Materials
	6. Climate Resilience and Adaptation	Environment	Climate Adaptation and Resilience
	8. Environmental Risks in the Supply Chain	Social	Responsible Supply Chain

3. OUR ESG PRIORITIES

During the Reporting Period, we leveraged a blend of business insights and stakeholder engagement to shape our ESG priorities. This refined assessment further validated our focus areas. At the core of our strategy is an unwavering commitment to the United Nations Sustainable Development Goals ("**UNSDGs**"). By aligning our sustainability initiatives with these goals, we are poised to harness technology and beauty, driving meaningful change to create a brighter future for generations to come.

Social

Supporting our highest priority UNSDGs:

Innovation	Developing inclusive, responsible, and sustainable solutions through cutting-edge technologies like our GenAI innovations.
Customer Experience	Delivering premium products that enable global users to create and share "beauty", while advancing the GenAI model and expanding our SaaS business to enrich our product portfolio.
Diversity, Equity and Inclusion	Reflecting diverse backgrounds and perspectives to foster an inclusive culture that promotes equal opportunities.
Talent Development	Drawing top talent to meet client needs while nurturing employee growth and well-being.
Health and Well-being	Creating a supportive work environment that prioritizes mental and physical health for all employees.
Digital Inclusion	Ensuring accessible AI technology and digital opportunities for everyone.
Societal Impact	Giving back to the community by amplifying positive change through strategic partnerships.

Governance

Supporting our highest priority UNSDGs:

Sustainability Governance	Steering our ESG strategy with oversight from governance structures to ensure accountability at the leadership level and long-term impact of sustainability performance.
ESG Risk Management	Identifying and mitigating ESG-related risks through comprehensive assessments, ensuring resilience of our operations and continuous progress of sustainability performance.
AI Ethics and Cybersecurity	Adhering to the AI ethical standards, ensuring integrity, and safeguarding personal and business data through robust security measures.

Environmental

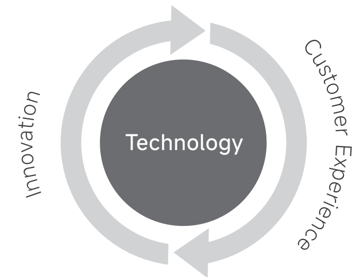
Supporting our highest priority UNSDGs:

Climate Action	Striving to mitigate climate change by reducing emissions and enhancing sustainability across operations.
Green Operation	Reducing environmental impact through decarbonization and resource efficiency.

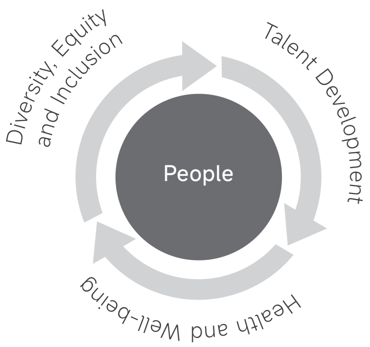
4. SOCIAL

Our effort on Social contributes to the following UNSDGs:

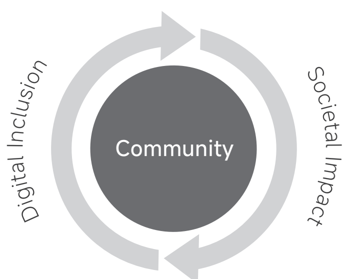
Key Initiatives:	Progress:



- Launched 3 cutting-edge AI innovations and enhanced 3 existing products, led by *MiracleVision* V5 ●
- Integrated *MiracleVision* into Samsung's W25 and W25 Flip6 series, expanding cross-platform application ●
- Demonstrated AI leadership at global conferences and events ●
- Prioritized customer satisfaction and maintained zero material complaints related to products and services ●



- Fostered an inclusive workplace through different initiatives ●
- Delivered 8,437 hours of employee training to support continuous development ●
- Boosted well-being and belonging through festive activities and gifts and upgraded workplace facilities ●



- Promoted digital inclusion by providing 1,200+ training hours to young talents and villagers, focusing on accessibility and advancing rural education and development ●
- Amplified societal impact with 87 million+ user exposures through themed filters on women empowerment, art and culture, and nature and biodiversity ●

Completed ● On-track ◐

4.1 Technology

Centring on the core strategies of "Productivity and Globalisation", Meitu focuses on the photo and video industry to provide a series of products with ultimate performance for vertical use cases. With our continuous investment in photo and video R&D, we strive to strengthen our engineering capabilities and achieve world-class effects in vertical scenarios. We always maintain a profound insight into users' aesthetic needs and the forefront trends of photo and video development. Meanwhile, we continue driving product effects through AI technology. We have consistently launched high-quality photo and video editing features that cater to users' pursuit of advanced visual design and high-quality photo retouch effects.

During the Reporting Period, there were no material complaints[8] (2023: nil) in relation to products and services, and there were no products sold or shipped subject to recalls for safety and health reasons (2023: nil). We generally provide customers with appropriate remedial solutions in the rare case warranting a product recall. In the case of our app products, upon discovery of any bugs, defects, material non-compliance with laws and/or regulations or other material aspects that may cause adverse impacts on our users, a dedicated group will be formed to implement mitigation measures, including but not limited to taking down the app products as soon as possible. After the appropriate updates are performed, the app products will be launched again following compliance checking and testing. We are committed to implementing responsible business practices and complying with applicable laws and regulations in relation to health and safety, advertising, labelling and privacy matters related to products and services[9]. We were not aware of any material non-compliance of relevant laws and regulations during the Reporting Period.

Innovation

Achieving Excellence in Product Development

It has always been Meitu's foremost ambition to empower creativity through AI and inspire creators worldwide. As such, we tirelessly seek to drive innovation in our core products while enhancing our future product portfolio, demonstrating our leadership in driving digital technology upgrades in our industry. Our talented R&D team members, who are professional in technical development and passionate about the industry, are key to our success, enabling us to present industry-leading products that surpass customer expectations. Guided by our goal of creating a positive user experience, we continued to expand our business by collaborating with globally renowned brands and organizations during the Reporting Period.

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8 Material complaints refer to complaints that have long-term material impact on our users and customers or fail to meet the agreed product and service requirements.

9 Please refer to the Significant Laws and Regulations section for a list of product responsibility-related laws and regulations significant to the Group's business operations.

Products for leisure – designed for social sharing

The Meitu app

BeautyCam

Wink

Productivity Tools – designed for efficiency improvement

DesignKit

Kaipai

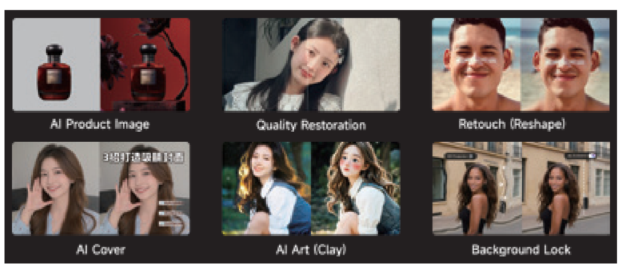
Model – MiracleVision

美圖奇想大模型
MiracleVision

Meitu Unveils Next-Gen AI Creation Tools

At the third Meitu Multimedia Festival 2024, Meitu launched 3 cutting-edge AI innovations and introduced enhancements to 3 existing products, led by *MiracleVision* V5, an advanced AI vision model.

Meitu emphasizes the combination of art and technology. As AI adoption grows, 83%[10] of users across all Meitu products utilized AI features during the Reporting Period.



10 This metric is calculated based on the saved photos and videos from users across all products; and it counts the usage of features that contain GenAI and/or traditional AI. Data is based on the daily averages from December 16, 2024, to December 22, 2024.

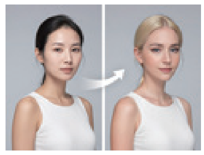
Productivity Tools – designed for efficiency improvement

Leverage GenAI to revolutionize enterprise content creation, meeting the rising demand for high-impact campaigns that captivate customers and drive business growth. *DesignKit* enhances productivity with a suite of AI-powered tools, including but not limited to:

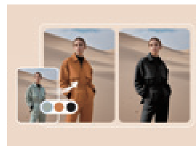
DesignKit

Featured AI E-Commerce Tools

AI Product Photography

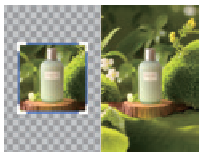


AI Fashion Model



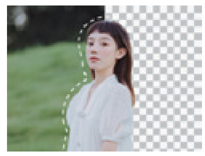
AI Color Changer

Video and Image

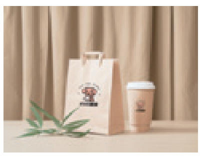


AI Extender

AI Remover



Smart Background Removal



AI Logo Generator

AI Image Generation

LivePPT

Meitu Showcases AI Leadership on Global Stage

2024 International Joint Conference on Artificial Intelligence ("**IJCAI**")

At the 33rd IJCAI held in Jeju, South Korea, *MT Lab* presented its latest breakthroughs in artificial intelligence. Meitu showcased multiple cutting-edge AI features and products, reinforcing its leadership in AI innovation. The event gathered nearly 3,000 AI experts and industry leaders, providing Meitu with a platform to maintain close communication with the AI academic community and industry.

2024 ACM International Conference on Multimedia ("**ACM MM**")

At the 32nd ACM MM held in Melbourne, Australia, Meitu and the University of Sydney co-organized the first ESGMFM Workshop. The Workshop focused on critical aspects in foundation models, particularly regarding efficiency, security, and generalization. The event reflected Meitu's sustained investment and in-depth exploration in the field of AI. ACM MM is the worldwide premier conference and a key event to display scientific achievements and innovative industrial products in the multimedia field.

Customer Experience

Customer Services

We recognize the significance of heeding our users' feedback as an integral aspect of our ongoing commitment to enhancing service quality. To uphold excellent customer service, we have implemented various measures:

Managing Feedback and Complaints Responsibly

- Establishing policies to standardize procedures for handling feedback and complaints to protect the rights and interests of customers
- Obtaining user feedback and handle complaints in a timely manner through various channels, including WeChat group and telephone hotline

Addressing Rights Infringement Issues

- Formulating procedures to handle cases of rights infringements related to portrait, reputation, honor, name and privacy on our major products such as *the Meitu app*

Measuring Customer Satisfaction

- Conducting customer satisfaction questionnaires regularly, by inviting users to participate in interviews and surveys designed to capture their opinions and suggestions for our continual improvement

Product Quality, and Health and Safety

The Group is dedicated to upholding its obligations as an Internet enterprise that extensively utilizes AI-driven image and video processing technologies and fosters a vibrant social community. We are committed to enhancing the quality as well as health and safety of our core products, ensuring their compliance with international, national, and industry regulations. We have implemented a comprehensive set of measures during product development and operations to ensure that users can enjoy high-quality products safely. These measures include strict content regulations that prohibit material violations of national laws or industry standards. Content involving voyeurism, threats, gambling, drug use, fraud, religious insults, disrespect of traditional cultures, violence, animal abuse, or sexually explicit material is strictly forbidden on our core products.

For more details on our AI safety practices, please refer to the Trustworthy AI section.

4.2 People

At Meitu, we recognize that our employees are fundamental to our achievements. We hold their well-being in the highest regard and are unwavering in our commitment to nurturing a supportive and harmonious workplace culture. Central to our values is the prioritization of employee rights and benefits, we strictly adhere to employment and labor-related laws and regulations across all jurisdictions where our business operates[11].

Our Employee Handbook and other human resources policies also specify compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other welfare and benefits to safeguard the rights of our employees. During the Reporting Period, we were not aware of any material non-compliance of relevant employment and labor-related laws and regulations.

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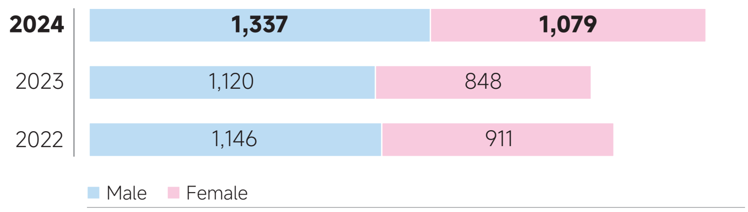
[11] Please refer to the Significant Laws and Regulations section for a list of employment and labor standards-related laws and regulations significant to the Group's business operations.

Diversity, Equity and Inclusion

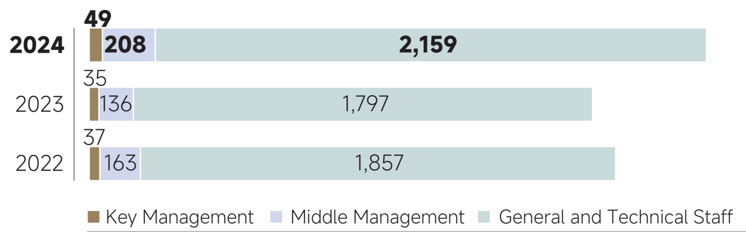
Employee Overview

As of 31 December 2024, the Group employed a total of 2,416 full-time employees (2023: 1,968 full-time employees). The distribution of employees by gender, employment type, age group and geographical region is outlined below[12]:

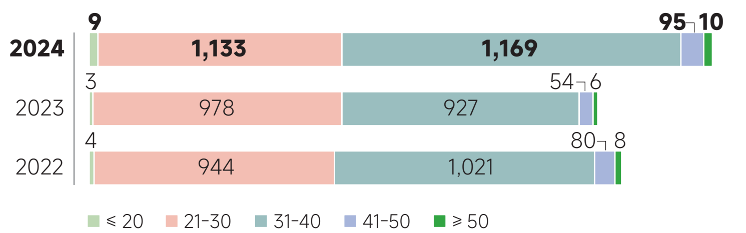
Total workforce by gender



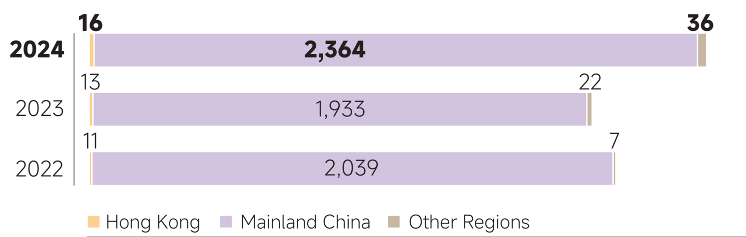
Total workforce by employment type



Total workforce by age group

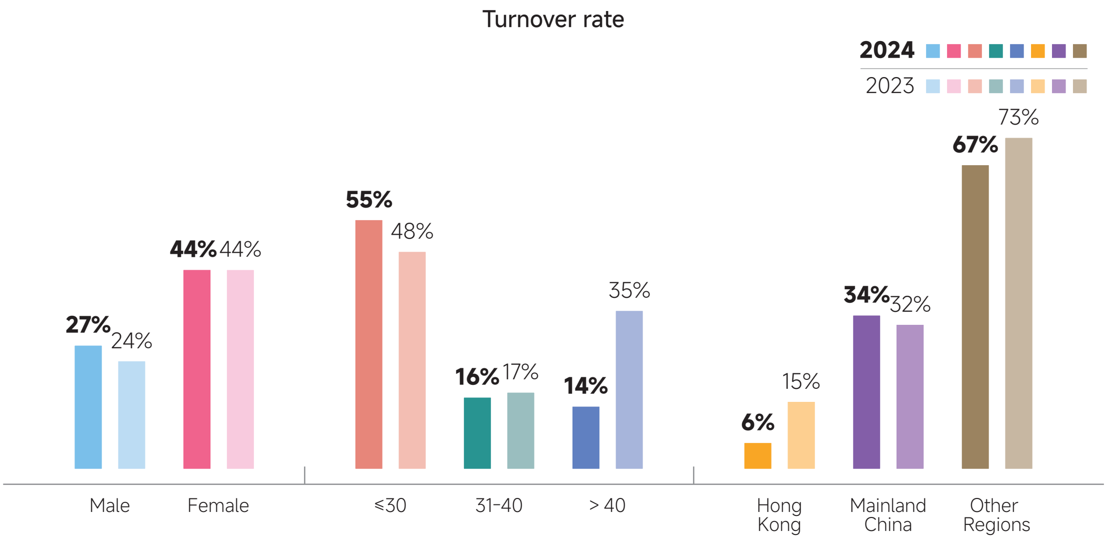


Total workforce by geographical location



12 Data of the whole Group has been included.

The distribution of employee turnover rate[13] by gender, age group and geographical regions is set out as below:



Fair employer

To cultivate an equitable and inclusive workplace environment for our employees, we strictly adhere to relevant laws and regulations[14].

Meitu advocates diversity and upholds the principles of fairness, diversity, and the prohibition of discrimination in any form across all aspects of labor practices, including but not limited to recruitment, remuneration and benefits determination, promotions, training, and dismissals. We conduct recruitment through various channels, such as campus recruitments, jobhunting websites, headhunters, employee referrals, and our official website, in order to enrich our talent pool. We provide equal opportunities, ensuring that potential candidates or incumbent employees are not discriminated against or deprived of opportunities due to their age, gender, family status, sexual orientation, disability, ethnicity and religion. When selecting suitable candidates, we focus on their qualifications, work experience and personal abilities.

The Group has zero tolerance towards child and forced labor at every stage of the recruitment process. The applicants' identification documents, relevant certificates and work experience are carefully reviewed during the recruitment process to ensure they are of legal working age. If any child labor is identified at the workplace, we will immediately escort them out of the workplace, terminate his/her labor relationship, and investigate the incident. Remedial measures will be implemented to prevent the reoccurrence of similar events. Moreover, to avoid forced labor, we have developed an "Employee Handbook" and other policies which detail our terms and conditions regarding overtime pay, dismissal procedures, compensation, working hours and rest periods etc. Our Human Resources Department conducts regular reviews of employment practices to ensure the effectiveness of our existing measures against child and forced labor. During the Reporting Period, we were not aware of any non-compliance with applicable laws and regulations in relation to child and forced labor.

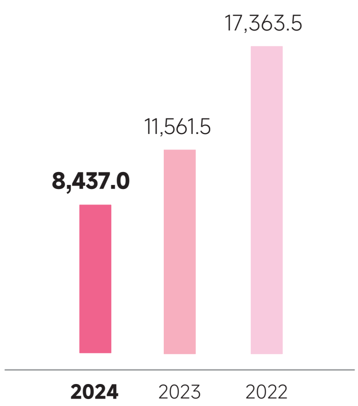
13 Data of the whole Group has been included.

14 Please refer to the Significant Laws and Regulations section for a list of employment laws and regulations significant to the Group's business operations.

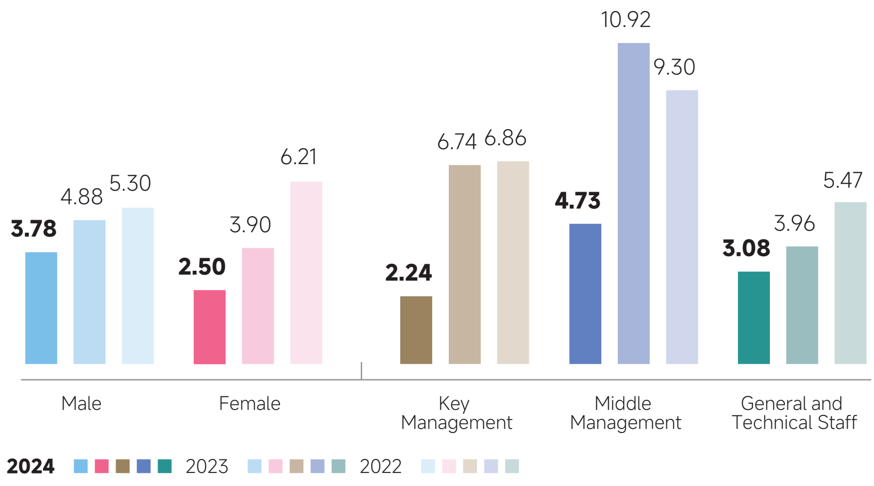
Talent Development

We believe that our sustainable business development and ongoing success are deeply rooted in the invaluable contributions of our employees. Meitu is dedicated to nurturing talent and investing in our employees accordingly. We have created a comprehensive training system which provides our employees with ample internal and external training opportunities. Through training, we aim to enrich our employees' professional knowledge and enable them to apply their enhanced skillset as well as the latest technology to product development and daily operations. Our training performance[15, 16] is outlined below:

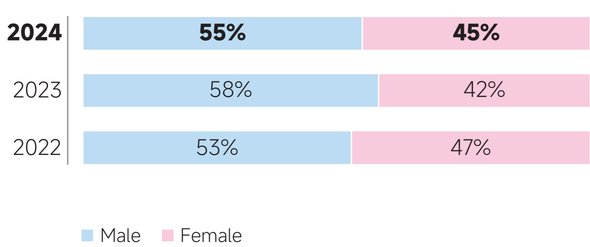
Total training hours



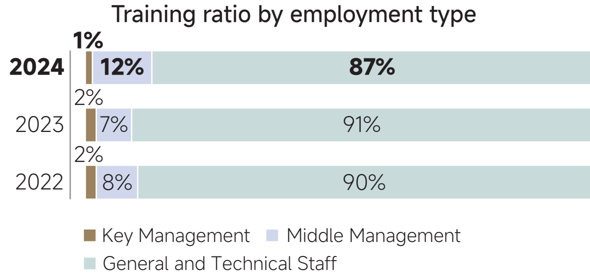
Average training hours completed per employee by gender and employment type



Training ratio by gender



Training ratio by employment type



[15] The data disclosed in 2024 cannot be directly compared with that of 2022 and 2023, as the reporting scope has been expanded in 2024 to ensure a more representative disclosure of our global presence.

[16] The calculations of training data have included the relevant training data on those who left in the Group's core businesses, to present an accurate reflection of the training resources invested by the Group.

At our Meitu Training Centre ("**MTC**"), we have established a comprehensive 3-level training system tailored to address employees' career and personal development needs. This system offers a diverse array of training activities and opportunities.

Management training

Managers are given the opportunity to undergo management training to help them achieve excellence.

Orientation training

New joiners are invited to participate in online training to help them become familiar with Meitu's policies and culture. Mentors are arranged to help them integrate into the Group.

Vocational training

Weekly "Meitu talk", monthly "MTC talk", half-yearly "Meitu Internal Technology Salon", departmental training and external training are arranged to equip employees with the necessary skills to realize their full potential. Employees may also have the chance to meet celebrities and industry leaders during sharing sessions.

During the Reporting Period, we have delivered a wide array of comprehensive and enriching training programs for our employees, including but not limited to:

Anti-corruption	ESG
Best practice sharing	Management skills
Business skills	New-joiner training
Communication skills	Product innovation
Data privacy	Sales
Work-related injury handling	Programming

Enhancing employee retention and motivation necessitates the provision of rewarding career paths. Therefore, Meitu focuses on enhancing the career development ladder and promotion opportunities for employees. We conduct performance appraisals twice a year to evaluate employees' work performance. Outstanding employees are promoted in line with their career goals to develop in the management path, management assistant path or the professional path.

Nurturing a Culture of Self-Learning

We introduced the Personal Learning Plan initiative aimed at enhancing individual performance, achieving OKR targets, and improving the personal capabilities of our employees. This initiative serves as a valuable tool for all employees, enabling them to set learning objectives, access learning resources, manage study time effectively, and create personalized learning plans tailored to their professional growth and development. By actively engaging in the process of self-learning and leveraging the resources provided, employees can take proactive steps towards advancing their skills and knowledge.

Health and Well-being

Protecting Employees' Welfare

Fostering a sense of belonging within the Group enables us to strengthen the retention and motivation of talents. As such, we allocate resources strategically and offer competitive remuneration packages, encompassing both basic monthly salaries and bonuses, while ensuring compliance with the relevant laws and regulations[17].

The Group regularly reviews and adjusts our packages to align with market levels to ensure the competitiveness of our remuneration packages. We ensure the provision of appropriate employee benefits in compliance with the laws and regulations of each operating location. We provide social insurance and housing provident fund to employees in the PRC as well as Mandatory Provident Fund to employees in Hong Kong. Full-time employees are entitled to public holiday, statutory holiday, sick leave, wedding leave, maternity leave, paternity leave and compassionate leave. The Group determines the working hours of employees in accordance with relevant regulations and adopts a five-day work week arrangement with 7.5 working hours per day to ensure time for rest. If overtime work is necessary, employees are required to record their reasons and will be compensated with taxi fare subsidies and dinner allowance. Other employee benefits include but are not limited to:

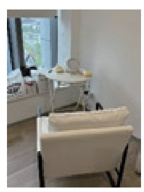
- Transportation allowance
- Shuttle bus
- Internal housing subsidies
- Gym room
- Food and beverage
- Birthday benefits
- Medication
- Meitu T-shirt
- Staff union benefits
- Insurance
- Health check

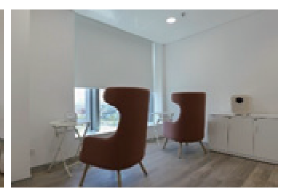
Fostering Wellness Through Innovative Fitness Solutions

Equipped with state-of-the-art Speediance fitness gear, we have created dedicated yoga and strength training areas. Offering virtual coaching sessions, the setup is designed to be beginner-friendly, providing a welcoming, easy-to-use experience that promotes health and well-being among employees.

Creating an Inclusive Workplace: Support Beyond Work

At Meitu, we recognize the importance of creating an inclusive workplace that supports employees at every stage of life. To empower working mothers, our headquarters features a dedicated lactation room – designed to provide a private, comfortable space for breastfeeding and infant care. This reflects our commitment to fostering a family-friendly work environment, ensuring that parents can balance their professional and personal responsibilities with greater ease.





17 Please refer to the Significant Laws and Regulations section for a list of employment laws and regulations significant to the Group's business operations.

Fostering Connection Through Workplace Wellness

We cultivate a culture of care and connection through meaningful wellness initiatives. Throughout the year, we celebrate key holidays and festivals by organizing engaging activities and thoughtfully curated gifts for our employees. We aim to create moments of joy, strengthen team bonds, and reinforce our commitment to a supportive and inclusive workplace. By prioritizing employee well-being, we foster a work environment where everyone feels valued and connected.

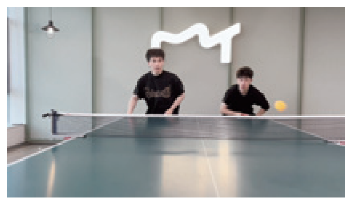


Championing Inclusion: A Tribute on International Women's Day

In recognition of International Women's Day, we provided our female employees with a thoughtfully curated gift box, accompanied by fresh flowers. More than a gesture, this initiative underscores our commitment to fostering an inclusive and supportive workplace for women.


Redefining Workplace Well-Being: Spaces That Inspire Balance

Our office is designed with a holistic approach to employee well-being, offering a range of amenities that support both physical and mental health. From a meditation room and counselling space to a fully equipped fitness centre, yoga and dance studios, a relaxation lounge, a library, and even an outdoor cinema, we provide an environment where employees can recharge, connect, and thrive. These spaces are not just for downtime but empower employees to integrate wellness seamlessly into their daily routines, whether through a midday workout, a quiet moment of reflection, or an after-hours activity. By fostering work-life balance, we enhance job satisfaction, productivity, and overall workplace happiness.




Health and safety

We greatly value the health and safety of our employees. To mitigate workplace risks effectively, we ensure strict compliance with relevant laws and regulations[18]. During the Reporting Period, we were not aware of any material non-compliance with applicable laws and regulations in relation to the occupational health and safety of employees. Moreover, we have implemented relevant policies and a range of occupational health and safety measures, such as scheduling regular health checks for employees and conducting regular safety inspections to verify the integrity of fire and safety equipment. Furthermore, regular fire and emergency drills are conducted to enhance employees' awareness and response to emergency situations, such as fires, floods, and electric shocks. We will continue to monitor the implementation of our occupational health and safety measures to promote a safe and healthy workplace.

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18 Please refer to the Significant Laws and Regulations section for a list of health and safety laws and regulations significant to the Group's business operations.

During the Reporting Period, we did not record any work-related fatalities while there were 5.5 lost days (2023: 25 lost days) due to work injury. Furthermore, the Group did not record any work-related fatalities in each of the past three years including the Reporting Period.

Safeguarding Employees' Health
Meitu places a high priority on the physical health of its employees. During the Reporting Period, we provided full-time employees with a complimentary health checkup. These checkups play a crucial role in enhancing employees' awareness of their health status, inspiring them to embrace healthier lifestyles. By offering such proactive measures, we aim to empower our employees to take charge of their well-being and foster a healthier workforce overall.

4.3 Community

Meitu is dedicated to instigating positive transformations within the communities where we are active. Upholding our commitment to corporate social responsibility, we proactively participate in community programs that center around five key areas: "Accessibility", "Advancing Rural Education and Development", "Women Empowerment", "Art and Culture" and "Nature and Biodiversity". Through harnessing the impact of our brand, flagship products, and platforms, we aspire to uplift the communities we engage with and work towards a brighter and more sustainable future together. During the Reporting Period, we launched and supported over 18 community initiatives, with our sustainability themed stickers and filters achieving a total user exposure of 87 million+ times.

Digital Inclusion

Accessibility

Unlocking Potential: AI-Powered Learning for Inclusive Education
In the lead-up to International Children's Day, the *WHEE* AI team launched a transformative "AI First Lesson" to bring cutting-edge technology into special education classrooms. Reaching over 200 students, the program demonstrated how AI can break learning barriers, enhance accessibility, and create new opportunities for every child. By leveraging technology for inclusion, we continue to drive meaningful impact, ensuring that education is not just accessible but also empowering for all.

Shaping the Next Generation of Digital Talent

Kaipai is equipping future professionals with the skills needed for the digital economy through its AI Voiceover Program and Innovation Lab, developed in collaboration with leading education institutions, which focuses on preparing talent for cross-border e-commerce and new media. Through a hybrid learning model, students gain hands-on experience with AI technologies, enhancing both their technical skills and entrepreneurial mindset. As of December 31, 2024, the program has delivered over 1,000 hours of training, fostered innovation and empowered the next generation to thrive in an AI-powered future.

Advancing Rural Education and Development

Bridging the Digital Divide: Empowering Rural Communities
Kaipai is harnessing AI to drive economic empowerment in rural communities. In a pioneering initiative, the *Kaipai* AI team worked directly with local farmers to help them digitally market their agricultural products, equipping them with essential skills for the modern economy. In a 50+ hour training, a group of villagers learned to create AI-powered short videos to promote their tea products, reaching 1,100+ villagers in total, empowering local entrepreneurs to leverage technology to expand their market and boost income, driving inclusive economic growth.

AI for Good: Transforming Pet Adoption

In 2024, *WHEE* reimagined pet adoption with AI-generated character portraits for stray cats at rescue shelter. By creating personalized AI-driven videos, *WHEE* showcased each cat's unique personality, attracting adopters and increasing shelter visibility. As of December 31, 2024, the initiative has helped 120+ animals, with the AI-generated video reaching 45,000 views and driving 4,500+ interactions. This innovative approach demonstrates the power of AI in driving social impact and finding loving homes for rescued animals.

Societal Impact

Women Empowerment

Honoring and Appreciating Women on Vietnamese Women's Day

The Meitu app launched a campaign in support of Vietnamese Women's Day, a culturally significant occasion in Vietnam. The initiative featured AI-powered filters, creative assets, and emoji functions tailored for female users, in collaboration with KOLs.

The campaign encouraged users to creatively express their appreciation for women, with the "Boyfriends Editing Photos for Girlfriends" theme gaining significant traction. On October 2024 *the Meitu app* ranked #5 overall and #1 in its category in Vietnam. Nearly 50 KOL posts were published during the campaign, with one-third surpassing 200,000 views within a single day. One video exceeded 10 million views, while five others surpassed 1 million views cumulatively. The initiative effectively promoted gender respect through its content.

"Honoring the Extraordinary Her" – Inspiring Strength and Beauty

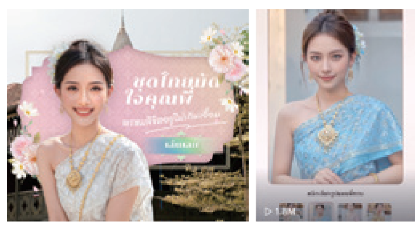
In recognition of the valuable roles that women play in our society, *the Meitu app* launched the "Our Festival" campaign to celebrate International Women's Day. The initiative featured interactive themes such as "Shining Her" and "Recording Women's Day", honoring women from all walks of life.

To further empower women, *the Meitu app* introduced exclusive AI filters and templates designed for diverse age groups and communities, promoting beauty beyond labels. As of December 31, 2024, the campaign resonated widely, generating 100,000+ exposures and uses, sparking widespread attention and discussions on women's empowerment and equality.

Art and Culture

Celebrating Thai Culture through AI Portrait Innovation

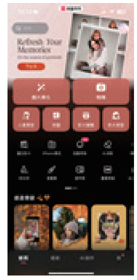
During the Reporting Period, *BeautyCam* introduced a culturally inspired update to its AI Portrait feature in celebration of Thailand's Songkran Festival in April 2024. Users could generate personalized portraits wearing traditional Thai attire, set against iconic Thai-style backdrops, by uploading their own photos.



This integration of cultural heritage and AI technology aimed to honor local traditions while enhancing user engagement. The feature was enthusiastically received across Thai social media, generating 2 million+ video views and widespread participation. The campaign's viral success propelled *BeautyCam* into the Top 10 in the Photography category on Thailand's App Store for the first time, highlighting the role of technology in amplifying cultural pride and creative expression.

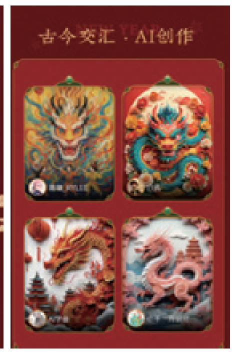
Promoting Cultural Resonance and Emotional Connection for Thanksgiving

To celebrate the Thanksgiving tradition in the U.S. and Europe, *the Meitu app* launched a special "Thanksgiving" feature in November 2024. The campaign included autumn-themed stickers, gratitude-themed elements, and family scene templates, encouraging users to capture their holiday moments and express thanks to their loved ones. By combining visual creativity with local cultural elements, this initiative reinforces our ESG commitment to promoting cultural inclusivity and mental well-being.



Honoring the Elegance of Traditional Chinese Patterns

During the Reporting Period, we unveiled an exclusive campaign celebrating the refined beauty of traditional Chinese patterns, synonymous with the Chinese New Year. In collaboration with esteemed artists, we introduced a series of bespoke stickers and filters within *the Meitu app*, embodying the cultural richness of the season. The campaign featured new materials reflecting the essence of the holiday, achieving an impressive 3.18 million uses and 43 million+ exposures. These artistic creations were showcased through diverse visual styles, bringing classic Spring Festival motifs to life.



Bringing Dunhuang's Timeless Beauty to the World

In collaboration with the Dunhuang Museum, *the Meitu app* unveiled the "The Story of Dunhuang Colors" campaign, brought Dunhuang's timeless beauty to life through cutting-edge visual technology. Integrating elements of Dunhuang culture into *the Meitu app*'s filters, the campaign drew inspiration from the Mogao Caves, Yadan landscapes, and traditional Eastern aesthetics. The "Dunhuang Aesthetics" short film, featuring classical dance in the desert, captivated global audiences with 10 million+ views. The campaign reached 1.3 million users, with 1.8 million+ topic reads and 187 original content pieces.

Taking Dunhuang's legacy to the world stage, the campaign illuminated New York's Times Square, London's Leicester Square, and Tokyo's Shibuya district, bringing its rich visual storytelling to life on some of the most iconic digital billboards across the globe.

Nature and Biodiversity

Raising Awareness of Nature Conservation

We continued to leverage our technological capabilities and platform to foster public awareness of environmental protection during the Reporting Period. We actively released creative stickers and filters on *the Meitu app* in line with themes such as animal welfare and biodiversity, contributing to our ongoing commitment to promote sustainable practices.

5. GOVERNANCE

Our effort on Governance contributes to the following UNSDGs:

	Key Initiatives:	Progress:
Sustainability Governance	• Covered 100% of employees and the Board with anti-corruption training	●
ESG Risk Management	• Enhanced our annual ESG risk assessment with the consideration of AI ethics	●
AI Ethics and Cybersecurity[19]	• Conducted data security audit across all core products	●
	• Established 6 AI Ethics Principles with the development of AI Framework	●
	• Ensured 100% of AI products adhere to AI Ethics Principles	●
	• Initiated the launch of the AI Ethics Committee to strengthen AI governance	◐

Completed ● On-track ◐

In the era of AI-driven innovation, ethical governance and cybersecurity are essential to building trust and safeguarding digital ecosystems. Meitu is committed to advancing the responsible development and use of technology for the good of our customers and society at large. By embedding ethical principles into its operations, the Company upholds data security, corporate integrity, and responsible business practices, creating a secure and trustworthy AI-driven environment.

5.1 Sustainability Governance

ESG Governance Structure

We are committed to creating sustainable value for our stakeholders by upholding strong ESG governance principles. Therefore, we have established a strong governance structure to enhance our ESG performance. Our Board of Directors (the "**Board**") has the overall responsibility for our ESG strategy and reporting. The Board provides oversight of the ESG issues (including but not limited to our sustainability management approach, strategy, and initiatives) with an emphasis on the Group's long-term development and positioning.

[19] These matters were actively addressed during the Reporting Period and finalized prior to the publication of this Report.

Environmental, Social and Governance Report

As part of the Board's oversight of ESG issues, the Board has delegated an ESG Committee at the management level (not at Board level), established in 2019 (the "**ESG Working Group**"), to further assist the Board in overseeing ESG management approach, strategy, and issues to drive the planning and implementation of the Group's ESG-related matters as well as review progress made against ESG-related goals and targets. The ESG Working Group, comprised of management executives from core functional departments ranging from information technology ("**IT**"), strategic planning, video and image business, administration and human resources ("**HR**"), software to content operation, assists the Board in monitoring ESG-related issues (including risks).

Roles and Responsibilities

Board of Directors

- Holds the overall responsibility for the ESG strategy and reporting
- Oversees the ESG issues of the Group
- Discusses and reviews the Group's ESG performance, ESG-related risks and opportunities and progress against goals and targets on a regular basis

ESG Working Group

- Monitors, reviews and reports on the ESG strategy, performance, achievements and progress against targets and goals
- Identifies, prioritizes and manages ESG-related risks and opportunities (including but not limited to climate-related risks and ESG risks along the supply chain) and implements corresponding control measures
- Formulates, implements and reviews sustainability policies and practices to ensure compliance with laws and regulations
- Manages and reviews the Group's sustainability work plan and progress against any ESG-related goals and targets
- Prepares annual ESG disclosures for Board's approval

Core Functional Departments

- Identifies and proposes improvement areas for enhancing sustainability performance
- Executes sustainability implementation plans and initiatives
- Consolidates and compiles ESG data and information for ESG disclosures on a regular basis

5.2 ESG Risk Management

In today's dynamic business landscape, effective ESG risk management is essential for ensuring sustained business success. As part of the Board's role in steering the long-term sustainability direction of the Group, the Board bears the ultimate responsibility for overseeing the Group's ESG risk management, enabling us to remain resilient in the face of unprecedented changes.

During the Reporting Period, we conducted an ESG risk assessment to enhance our risk mitigation and response strategies. The following outlines the steps of the Group's ESG risk management process:

1. Identification

- Identified industry ESG risks and sustainability trends with the ESG Working Group.
- Analyzed latest market and industry developments.
- Assessed climate-related and supply chain ESG risks.

2. Evaluation

- Evaluated the potential impacts and likelihood of the identified key ESG-related risks.

3. Prioritization

- Prioritized key ESG risks by assessing their risk levels based on both their potential impact and likelihood.

4. Management and Mitigation

- Implemented risk mitigation and internal control measures to manage ESG risks.
- Assigned responsibility for execution to relevant business departments.

5. Reporting

- Presented ESG risk assessment outcomes and relevant issues to the Board.
- Facilitated thorough discussion, review, and recommendations.

For more details on our corporate governance and risk management approach, please refer to the Corporate Governance Report section.

5.3 AI Ethics and Cybersecurity[20]

Trustworthy AI[20]

GenAI is revolutionizing creativity and productivity, enhancing innovation and efficiency. As we continue to navigate the opportunities and challenges of AI, Meitu remains committed to the responsible, and ethical use of technology. We formalized this commitment by launching our AI Ethics Principles, which operated through our AI Ethics Framework. This ensures our AI solutions remain responsible, forward-thinking, and user-centric. As GenAI has become more prolific, we have built upon our Principles and Framework to evolve and refine our AI Ethics Risk Management process to align with the evolving landscape. This enhanced process is designed to ensure that our AI Ethics Principles carry through AI use, development and deployment.

AI Ethics Framework[20]

To uphold AI Ethics Principles, Meitu has established a responsible AI Framework that governs the development, deployment, and use of AI across all applications.

Guidance and Oversight

- Providing leadership oversight through an AI Ethics Committee, responsible for reviewing the ethical compliance of AI project.

Controls

- Applying AI Ethics Principles across the entire AI product lifecycle, from R&D to application, for example, enforcing strict content moderation to screen out illegal or inappropriate material.
- Conducting AI risk assessments to address privacy, security, and ethics concerns.

For more details on our AI and data privacy management controls, please refer to the Data Privacy and Information Security section.

Incident Management

- Developing a response regime that defines incident categories, reporting processes, and accountability.
- Conducting root cause analysis and implementing preventive measures to avoid recurrence.

Industry Leadership

- Participating in leading industry forums, including those covering AI applications, development, and governance to facilitate the responsible use of artificial intelligence.

For more details on industry leadership, please refer to Meitu Showcases AI Leadership on Global Stage section.

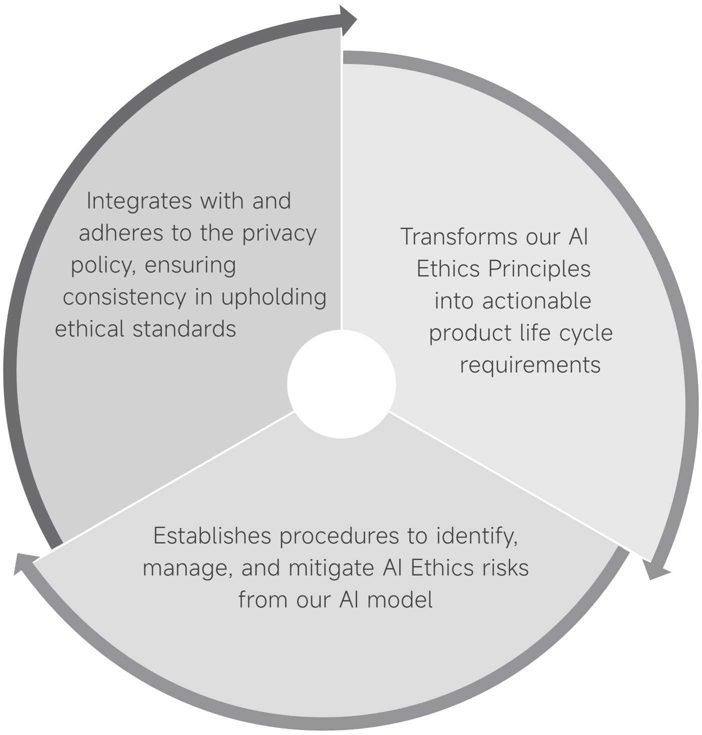
External Engagement

- Conducting consultation and collecting opinions to understand the concerns and expectation about AI technology of general public.

[20] These matters were actively addressed during the Reporting Period and finalized prior to the publication of this Report.

AI Ethics Risk Management[20]

When the products are driven by GenAI, concerns arise as regards AI ethics and other aspects. During the Reporting Period, we conducted risk assessment with the consideration of AI ethics and implemented rigorous safeguards which aligned with our AI Ethics Principles to minimize potential risks.



We implement robust security measures to protect AI integrity, with regular evaluations of our AI model to address risks in data, content generation, and compliance with legal standards. We continuously monitor AI functions, and put into place a rapid-response mechanism to address any adverse impacts, thereby upholding security and ethical standards.

Data Privacy and Information Security

Meitu acknowledges the substantial involvement of personal data in our day-to-day operations, especially concerning our apps and websites. Our commitment lies in enhancing our data protection and cybersecurity measures to safeguard customer privacy. Committed to strengthening data protection and cybersecurity, Meitu ensures strict compliance with applicable laws and regulations[21] while safeguarding user privacy and corporate interests.

To fortify network and data security, Meitu has implemented a comprehensive governance framework, and relevant policies. Our privacy policy grants users control over their personal data, including rights to access, correct, delete and withdraw consent.

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21 Please refer to the Significant Laws and Regulations section for a list of product responsibility-related laws significant to the Group's business operations.

Our Cybersecurity Emergency Management Team, Data Security Management Team, and Personal Information Protection Team rigorously enforce privacy protection measures, ensuring data integrity, security, and operational stability. Our approach includes and is not limited to:

Cybersecurity and Data Protection

Data Control, Usage & Retention

- Users must authorize data usage before accessing Meitu's platforms;
- Data is collected only as needed, with strict access controls;
- A logbook tracks data handling activities for accountability;
- System access granted via strict permissions and monitoring;
- System access is permission-based, and external sharing requires risk evaluation and approval; and
- Ensures timely deletion, avoids unnecessary data collection, and complies with regulatory standards.

Complaints & Reporting

- Security concerns can be reported via Meitu's official website.

Partner Management

- Security reviews before partner onboarding and data collaboration.

Training & Awareness

- All employees undergo data security and privacy training.

Incident Response & Vulnerability Management

- Defined emergency protocols based on threat severity;
- Real-time monitoring and response teams ensure rapid risk mitigation;
- Encryption and security controls defend against malicious attacks; and
- Regular vulnerability assessments and penetration testing to address system weaknesses proactively.

Security Audits

- Regular internal and external audits to ensure data protection standards.
- Sensitive information (e.g., phone numbers, IDs, bank details) is encrypted and masked in the system to prevent unauthorized access.

Strengthening Data Security: Industry-Certified Protection
During the Reporting Period, we conducted annual Level 3 Cybersecurity Protection assessments across application, database, host security, and data management, ensuring compliance with regulatory and business security standards.

Additionally, Meitu obtained DSCC certification, demonstrating comprehensive data governance, risk management, access control, and incident response capabilities.

Intellectual Property
Safeguarding intellectual property rights is crucial to the innovative contributions of our R&D talents and the overall business development of the Group. We strictly abide by the relevant laws and regulations[22], actively registering intellectual property rights and applying for patents in a timely manner for inventions and creations so as to protect the efforts of our R&D personnel and our intellectual property rights, as well as to respect those belonging to others. As of December 31, 2024, we possess 417 patents in the PRC, 9 in Hong Kong, 3 in the US and 29 in other countries. During the Reporting Period, we registered 45 additional patents to reinforce our intellectual property protection.

Safeguarding the intellectual property rights of users contents within our applications and communities is paramount for us. Specific measures have been undertaken to bolster the protection of intellectual property:

Preventing the infringement of intellectual property rights

- Managing the backstage of our platforms stringently for the purpose of of safeguarding users' legal rights

Strengthening intellectual property management capabilities

- Conducting ongoing monitoring on the platform both manually and through AI technology, with infringing contents being hidden from viewing

Providing all-around intellectual property protection

- Encouraging reports of suspected cases of infringement through a range of channels such as email, phone and our apps

[22] Please refer to the Significant Laws and Regulations section for a list of product responsibility-related laws significant to the Group's business operations.

Responsible Supply Chain

The Group recognizes the pivotal role of responsible supply chain management in our sustainable development. Therefore, we are committed to fostering enduring and harmonious relationships with our suppliers. Our major suppliers provide us with equipment, hardware, marketing services, IT infrastructure and software, etc.

In an effort to promote a sustainable supply chain, we have developed a comprehensive supplier management system with a supplier code of conduct:

1. **Supplier Selection**
   - When screening suppliers, we consider factors including the following:
     - Product and service quality
     - Price
     - Capability
     - Environmental qualifications
     - Prioritization of green procurement practices and initiatives
   - We verify the credentials of potential suppliers, such as their environmental certifications and compliance status
   - We conduct online investigations and background checks into potential suppliers to ensure that their activities do not pose any material environmental or social risks

2. **Ensuring Supplier Sustainability Performance**
   - Our supplier's agreement lays out our sustainability expectations, covering aspects such as:
     - Environmental protection
     - Occupational health and safety
     - Conduct and morality
     - Compliance with laws and regulations
   - We require suppliers to share our sustainability values, including aspects in relation to:
     - Diversity
     - Responsible resource use
     - Use of sustainable materials
     - Climate change preparedness plans
     - Anti-corruption
     - Community involvement

3. **Monitoring Supplier Performance**
   - We conduct supplier evaluations regularly to ensure a sustainable and resilient supply chain
   - We mainly engage with local suppliers to lower the carbon footprint associated with goods transportation and travelling

The Group places a strong emphasis on green procurement: we promote environmentally friendly products and services when selecting suppliers, by encouraging practices such as reducing packaging materials, focusing on resource efficiencies of products, avoiding single-use products to reduce waste. Preference is also given to suppliers holding relevant environmental qualifications, as well as those that prioritize green and biodegradable materials and adopt green initiatives. We mainly engage with local suppliers to lower the carbon footprint attributed to goods transportation and travelling.

We have established a procurement policy with a supplier code of conduct to managing suppliers' environmental and social risks. Apart from conducting thorough assessments of the compliance, equipment and work conditions of our potential suppliers' factories, we also regularly monitor our existing suppliers to ensure their operations are in line with our ethical standards. During the Reporting Period, we conducted a risk assessment to identify the material ESG-related risks along the supply chain. We have closely monitored the identified risks and implemented corresponding control measures to minimize their impact on our daily operations.

As of December 31, 2024, the Group collaborated with 314 major suppliers (2023: 500), of which 269 were located in the PRC, 20 were located in Hong Kong, and 25 were located outside of Mainland China and Hong Kong. Practices relating to engaging suppliers were implemented on all major suppliers.

Anti-corruption and Whistleblowing

We are dedicated to adhering to ethical principles and maintaining a strict zero-tolerance stance for bribery, extortion, fraud, money laundering, anti-monopoly and anti-competitive behavior. As such, we have established internal policies including the "Employee Handbook" and "Policy on Sending and Accepting Gifts by Employees" to specify the procedures of making declarations of interests and anti-corruption measures.

We have established whistle-blowing channels and handling procedures to further strengthen our business ethics. Employees are required to report any potential improprieties or violations through our whistleblower hotline and mailbox, with such reports being treated confidentially. The Group's internal audit department is responsible for investigating the whistle-blowing allegations and taking appropriate measures to investigate reported incidents in a timely manner. Such preventive measures and whistleblowing procedures are implemented and monitored by the internal audit department, while the Board holds the overall responsibility for its oversight.

We prioritize the promotion of anti-corruption awareness among both directors and employees. Supported by our internal control department, we provide training to all of our staff including directors on anti-corruption through our online platforms, such as internal communication platforms and regular email updates, during the Reporting Period. To engage our staff effectively, we established diverse training materials including:

Training: Upholding Integrity and Ethical Business Practices

- Ethical Risks
  Case studies on conflict of interest, misuse of confidential information, bribery, and corruption, illustrating real-world challenges and best practices.

- Integrity in Procurement
  The role of ethics and transparency in procurement management, with a focus on risk mitigation and responsible supplier engagement.

- Whistleblowing Mechanisms
  Training on how to identify and report suspected cases of corruption and illicit activities through confidential and protected channels.

Ethical Business Operations

During the Reporting Period, we strengthened employee awareness of business ethics and anti-corruption practices through our WeChat platform, "Clean Meitu" (「廉潔美圖」). By sharing regular compliance updates and anti-corruption guidelines, including awareness campaigns during festive seasons, we reinforced a culture of transparency, accountability, and zero tolerance for bribery across the organization.

Since 2019, the Group has been a member of the "Trust and Integrity Enterprise Alliance" (「陽光誠信聯盟」) (the "**Alliance**") as a strong supporter of tackling corruption and information security crimes through the Internet. Initiated by JD.com, Inc. and launched in conjunction with over 300 leading companies such as Tencent, Baidu, Lenovo, Xiaomi etc., the Alliance has established and shared a "blacklist" of individuals which the allied companies would refuse to recruit in order to maintain integrity in the organization.

The Group strictly complies with applicable laws and regulations relating to bribery, extortion, fraud and money laundering[23]. During the Reporting Period, we were not aware of any non-compliance with any law or regulation nor were there any legal cases concerning bribery, corruption, extortion, fraud and money laundering.

Advertising and Labelling

Ensuring the credibility and authenticity of our promotional materials is a top priority for Meitu, exemplifying or commitment to responsible marketing and advertising. To safeguard the rights and interests of our customers, we have established "Advertisement Verification Rules," "Advertisement Placing Agreement," and "Meitu Advertising Review Specifications" etc. as guidelines for our employees to ensure the accuracy of the content in relevant materials.

We have put in place a strict review process to prohibit false descriptions or misleading statements in third-party advertisements placed in our apps and websites, from verifying the qualifications of relevant parties to reviewing the content. We also sign contracts with KOLs on *the Meitu app, BeautyCam* and *Wink*, which require them to ensure the authenticity of their advertising content. Meitu has zero tolerance for false advertising practices. If anyone is found to share illegal content, we will immediately stop him/her from using the relevant applications.

Given our business nature, labeling is generally considered a supporting detail.

23 Please refer to the Significant Laws and Regulations section for a list of anti-corruption laws significant to the Group's business operations.

6. ENVIRONMENT

Our effort on Environment contributes to the following UNSDGs:

	Key Initiatives:	Progress:
	• Integrated circular design principles and reusable materials into packaging to extend lifecycle of promotional gifts and reduce waste	●
	• Enhanced indoor air quality and employee well-being through green office initiatives	●

Completed ● On-track ◐

6.1 Climate Action

Meitu firmly upholds its responsibility to support global efforts in strengthening climate resilience and advancing sustainability for future generations. In line with this commitment, we integrate environmental responsibility into our business operations, prioritizing carbon footprint reduction as well as the efficient use of energy and water. To reinforce these efforts, we have established comprehensive policies and procedures to engage employees in emissions reduction initiatives and encourage the responsible consumption of resources, while ensuring full compliance with applicable environmental laws and regulations[24].

Climate Adaptation and Resilience

The increasing severity and frequency of extreme weather events, such as floods and typhoons, present growing challenges to operational stability and employee safety. These physical risks, driven by climate change, have the potential to disrupt business continuity. Additionally, our operations face transition risks stemming from technological advancements, shifting market dynamics, and evolving government policies. To proactively manage these risks, we have conducted a comprehensive assessment to identify climate-related physical and transition risks and evaluate their potential impact on the Group. Based on these insights, we have implemented targeted risk mitigation policies and measures to strengthen resilience and ensure long-term sustainability.

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24 Please refer to the Significant Laws and Regulations section for a list of environmental laws and regulations significant to the Group's business operations.

Risk Description	Mitigation Measures
Physical Risks	
• Acute Risk	• Establish the Emergency Preparedness Team to prepare for extreme weather events by developing emergency management procedures and facilitating prompt responses to emergencies to ensure the safety of our employees • Keep track of weather warnings to enhance emergency preparedness against adverse weather events such as super typhoons and heavy rainstorms • Adopt precautionary measures at facilities, such as reinforcing windows and doors, to minimize damages caused by extreme weather conditions • Provide training to employees to strengthen awareness and emergency preparedness
• Chronic Risk	• Advocate for environmental protection in the workplace, promoting low-carbon products, and consistently focusing on innovations and contributions that businesses can make to address climate change • Create a more environmentally friendly work environment, for instance, placing potted plants in the office area, covering elevators, balconies, reception desks, office areas, lounge areas, and bathrooms with greenery
Transition Risks	
• Policy and Legal Risk	• Closely monitor trends in climate-related government policies and regulatory requirements, adapting our strategic plans to new developments in a timely manner when necessary • Maintain an active response to climate-related government policies • Pursue opportunities to utilize low-carbon products in our daily operations, in response to changes in government policies and regulatory requirements
• Technology Risk	• Review existing products and explore the potential of technological improvements and innovations in achieving low-carbon and energy efficient operations
• Market Risk	• Keep track of emerging market trends and identify opportunities to elevate our products and services in view of growing market demands for low-carbon solutions

During the Reporting Period, we remained dedicated to addressing climate change by advancing our sustainability objectives while simultaneously enhancing our ability to withstand climate-related risks. Our key environmental targets, outlined below, serve as a foundation for these efforts. Further details on the specific initiatives and actions undertaken to achieve these targets are provided in the relevant sections of this chapter.

Our Green Targets		Progress
Air and GHG Emissions	To reduce both air emissions and greenhouse gas ("**GHG**") emissions in daily operations	In Progress
Waste	To minimize the generation of waste by adhering to the four "Rs" principle of responsible waste management	In Progress
Energy	To improve energy efficiency by implementing energy-saving measures to reduce energy consumption	In Progress
Water	To enhance water efficiency and reduce unnecessary water use	In Progress

Energy, Air and GHG Emissions

Our energy consumption, air emissions, and GHG emissions primarily result from electricity usage in daily office operations and fuel consumption by company vehicles. While our operations are largely office-based with relatively low environmental impact, we remain committed to enhancing energy efficiency and reducing emissions as part of our broader sustainability efforts in response to climate challenges.

We actively engage employees in energy conservation policies and initiatives to foster awareness and encourage responsible practices. Our offices have implemented various energy-saving measures, including:

- **Optimizing air conditioning settings** to maintain efficiency while ensuring a comfortable work environment.
- **Utilizing energy-efficient lighting systems** to reduce electricity consumption.
- **Providing employee shuttle services** to decrease reliance on private vehicles, thereby lowering transportation-related GHG emissions.
- **Introducing electric vehicles** to reduce carbon emissions associated with business travel.

Additionally, we integrate sustainability principles into our office operations by adopting advanced energy-saving solutions:

- **Upgrading server room cooling systems** with energy-efficient air-conditioning to optimize performance and reduce energy demand.

- **Prioritizing green procurement** by selecting environmentally friendly office equipment with high energy efficiency.

- **Implementing occupancy sensor technology** to automatically power down inactive electrical appliances, such as lighting systems, to prevent unnecessary energy use.

Enabling Employees to Track Their Climate Action

As part of our decarbonisation journey, Meitu is rolling out Trip.Biz to better track the scope 3 emissions from business travel. This pilot program enhances travel management while creating a more transparent, data-driven approach to reducing emissions across our value chain.

Promoting Sustainable Dining for a Greener Future

Meitu promotes sustainable lifestyles by offering low-carbon dining options, including plant-based and vegetarian meal choices. By encouraging employees to adopt lower-emission dietary habits, the initiative helps reduce the environmental impact associated with food consumption.

Water Resources

Our operations rely on domestic water supplied by local providers in the regions where we are present. During the Reporting Period, we maintained a stable and sufficient water supply across all office locations, with no disruptions affecting our daily activities. While water consumption is not a key operational concern, we remain committed to promoting efficient water use and preventing unnecessary water wastage.

To support water conservation, we have implemented several measures, including:

- **Regular inspection and maintenance of water pipelines** to ensure they remain in optimal condition and to promptly repair any leaks, reducing water loss.

- **Raising employee awareness** through signage in restrooms and pantry areas, encouraging mindful water usage in the workplace.

Waste and Packaging Materials

Our business activities primarily take place in office settings, where the majority of waste generated consists of general office refuse, small quantities of waste batteries and toner cartridges, as well as packaging materials associated with our products. To ensure proper waste management and minimize environmental impact, we collaborate with qualified third-party service providers for the collection and disposal of various waste types.

We are committed to responsible waste management and adhere to the **four "Rs" principle – Reduce, Reuse, Recycle, and Replace** – to foster a more sustainable office environment. In alignment with this principle, we have implemented various initiatives to minimize waste and enhance resource efficiency:

Responsible Waste Collection	• Establishing designated bins in office spaces for sorting general waste, food waste, recyclables, and hazardous materials to facilitate proper disposal and recycling
Green Procurement	• Prioritizing durable office supplies to extend product lifespan and reduce waste generation • Utilizing recyclable materials, such as paper boxes and cardboard, for promotional gift packaging to promote sustainability
Packaging Optimization	• Reducing packaging for promotional gifts, including eliminating unnecessary fabric bags • Simplifying packaging designs by removing excessive layers and decorative elements to minimize material use
"Paperless Office" Culture	• Encouraging the reuse of office paper, envelopes, and other paper products • Promoting digital communication and documentation to reduce paper consumption • Implementing a smart visitor registration system at our Xiamen office to eliminate paper-based sign-in processes

Redefining Packaging with Circular Design

Meitu integrates eco-design and circularity into our festival gift boxes, crafting them with durable, reusable materials to extend their lifecycle. Designed for repurposing beyond gifting, these boxes reflect our commitment to sustainability, reducing waste while maintaining both functionality and aesthetics.

We will remain committed to ensuring the legal compliance of our waste management practices with relevant government policies and regulations in the future. Additionally, we will continue engaging employees to strengthen awareness and reinforce responsible waste management practices across our operations.

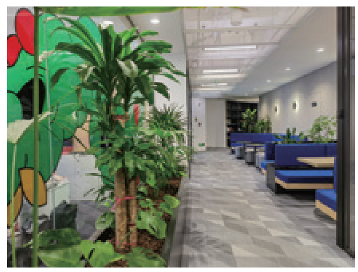
6.2 Green Operation

While our business operations may not have a significant impact on the environment and natural resources, we recognize our responsibility to actively support environmental and natural resource protection in our daily operations. Therefore, we have implemented a variety of policies and measures aimed at waste reduction and environmental preservation:

Extending Product Lifespans	• Establishing a product trade-in program • Actively encouraging users to recycle products that are no longer in use by giving them to electronic waste recyclers
Simplifying Packaging and Design	• Minimizing the size of packaging boxes during product design • Simplifying the design of packaging and user manuals, promoting the use of electronic operation manuals to avoid paper waste
Greening the Office	• Implementing a smart office system for our building in Xiamen • Vitalizing our office with more plants and increase employee involvement in environmental protection initiatives
Promoting Employee Engagement	Engaging our employees in green programs that promote resource efficiency and environmentally conscious practices

Greening the Office: Enhancing Indoor Air Quality and Well-Being

At Meitu, we are enhancing indoor air quality by integrating greenery throughout our office spaces. This initiative promotes a healthier, more sustainable environment, boosting employee well-being and fostering a workspace that encourages both productivity and creativity.



KEY PERFORMANCE INDICATORS

Environmental Aspect[25 26 27 28 29]

Indicator	Unit	2024	2023	2022
GHG Emissions				
Total GHG emissions (Scopes 1 and 2)	t-CO_2e	**2,160.80**	2,026.42	1,140.18
– Direct emissions (Scope 1)	t-CO_2e	**67.84**	114.83	88.77
– Energy indirect emissions (Scope 2)	t-CO_2e	**2,092.97**	1,911.59	1,051.40
Intensity of total GHG emissions (Scopes 1 and 2)	t-CO_2e/m^2	**0.05**	0.04	0.05
Air Emissions				
Nitrogen oxides (NO_x)	kg	**13.42**	22.01	23.55
Sulphur oxides (SO_x)	kg	**0.37**	0.63	0.49
Particulate matter (PM)	kg	**0.99**	1.62	1.73
Energy Consumption				
Total energy consumption	MWh	**3,665.41**	3,528.89	2,029.37
– Purchased electricity	MWh	**3,433.16**	3,135.79	1,725.46
– Unleaded petrol	MWh	**232.24**	393.10	303.91
Intensity of total energy consumption	MWh/m^2	**0.08**	0.07	0.08
Water Consumption[30]				
Total water consumption	m^3	**17,750.00**	11,921.88	2,719.02
Intensity of total water consumption	m^3/m^2	**0.42**	0.32	0.33

25 The scope of environmental data covers our key operating locations.

26 The data disclosed in 2024 cannot be directly compared with that of 2022 and 2023, as the reporting scope has been expanded in 2024 to ensure a more representative disclosure of our global presence.

27 The data on purchased electricity and its corresponding indirect GHG emissions (Scope 2) does not include some of our leased premises in the PRC, Singapore and Australia as the electricity supply was controlled by the property management and hence the relevant data was unavailable to individual tenants.

28 In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition) published by World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group.

29 Totals may not be the exact sum of numbers shown here due to rounding.

30 The data on water consumption does not include some of our leased premises in the PRC, Hong Kong, Singapore and Australia as the water supply is controlled by the property management and such data was unavailable to individual tenants.

Indicator	Unit	2024	2023	2022
Waste Generation				
Non-hazardous waste				
Total non-hazardous waste generated	Tonnes	**43.46**	33.76	43.40
Intensity of total non-hazardous waste generated	Tonnes/m^2	**0.001**	0.001	0.002
Hazardous waste				
Total hazardous waste generated	Tonnes	**0.05**	0.06	0.13
Intensity of total hazardous waste generated	kg/m^2	**0.001**	0.001	0.005
Packaging Material				
Total packaging material for finished products	Tonnes	**10.49**	12.28	12.85
Packaging material intensity	Tonnes/m^2	**0.0002**	0.0003	0.0005

Social Aspect

Indicator	Unit	2024	2023	2022
Workforce Profile[31]				
Total workforce	Number of people	**2,416**	1,968	2,057
By Gender				
Male	Number of people	**1,337**	1,120	1,146
Female		**1,079**	848	911

31 Data of the whole Group has been included.

Indicator	Unit	2024	2023	2022
By Employment Type				
Key management	Number of people	**49**	35	37
Middle management		**208**	136	163
General and technical staff		**2,159**	1,797	1,857
By Age Group				
≤ 20	Number of people	**9**	3	4
21–30		**1,133**	978	944
31–40		**1,169**	927	1,021
41–50		**95**	54	80
>50		**10**	6	8
By Geographical Location				
Hong Kong	Number of people	**16**	13	11
Mainland China		**2,364**	1,933	2,039
Other regions		**36**	22	7
Turnover Rate[32]				
By Gender				
Male	%	**27**	24	39
Female		**44**	44	55
By Age Group				
≤ 30	%	**55**	48	70
31–40		**16**	17	27
>40		**14**	35	14

[32] Data of the whole Group has been included.

Indicator	Unit	2024	2023	2022
By Geographical Location				
Hong Kong	%	**6**	15	0
Mainland China		**34**	32	46
Other regions		**67**	73	43
Health and Safety				
Lost days due to work injuries	Days	**5.5**	25	0
Number and rate of work-related fatalities	Number of cases/%	**0**	0	0
Development and Training[33]				
Total Training Hours	Hours	**8,437.0**	11,561.5	17,363.5
Percentage of Employees Trained[33]				
By Gender				
Male	%	**55**	58	53
Female		**45**	42	47
By Employment Type				
Key management	%	**1**	2	2
Middle management		**12**	7	8
General and technical staff		**87**	91	90
Average Training Hours Completed per Employee[33]				
By Gender				
Male	Hours	**3.78**	4.88	5.30
Female		**2.50**	3.90	6.21
By Employment Type				
Key management	Hours	**2.24**	6.74	6.86
Middle management		**4.73**	10.92	9.30
General and technical staff		**3.08**	3.96	5.47
Community Investment				
Donations	RMB	**180,000**	330,000	1,257,254

[33] The calculations of training data have included the relevant training data on those who left in the Group's core businesses, to present an accurate reflection of the training resources invested by the Group.

Environmental, Social and Governance Report

SIGNIFICANT LAWS AND REGULATIONS

Environmental
Aspect A1: Emissions

Hong Kong

- "Air Pollution Control Ordinance"（《空氣污染管制條例》）(Cap. 311 of the laws of Hong Kong)
- "Air Pollution Control (Fuel Restriction) Regulations"（《空氣污染管制（燃料限制）規例》）(Cap. 311I of the laws of Hong Kong)
- "Air Pollution Control (Vehicle Design Standards) (Emission) Regulations"（《空氣污染管制（車輛設計標準）（排放）規例》）(Cap. 311J of the laws of Hong Kong)
- "Air Pollution Control (Motor Vehicle Fuel) Regulation"（《空氣污染管制（汽車燃料）規例》）(Cap. 311L of the laws of Hong Kong)
- "Energy Efficiency (Labelling of Products) Ordinance"（《能源效益（產品標籤）條例》）(Cap.598 of the laws of Hong Kong)
- "Waste Disposal Ordinance"（《廢物處置條例》）(Cap.354 of the laws of Hong Kong)
- "Water Pollution Control Ordinance"（《水污染管制條例》）(Cap. 358 of the laws of Hong Kong)
- "Sewage Services Ordinance"《污水處理服務條例》(Cap.463 of the laws of Hong Kong)
- "Dumping at Sea Ordinance"（《海上傾倒物料條例》）(Cap. 466 of the laws of Hong Kong)
- "Dangerous Goods Ordinance"（《危險品條例》）(Cap. 295 of the laws of Hong Kong)
- "Product Eco-responsibility Ordinance"（《產品環保責任條例》）(Cap. 603 of the laws of Hong Kong)

PRC

- "Environmental Protection Law of the PRC"（《中華人民共和國環境保護法》）
- "Atmospheric Pollution Prevention and Control Law of the PRC"（《中華人民共和國大氣污染防治法》）
- "Ambient Air Quality Standard"（《環境空氣質量標準(GB3095-2012)》）
- "Indoor Air Quality Standard"（《室內空氣質量標準(GB/T 18883-2022)》）
- "Energy Law of the People's Republic of China"（《中華人民共和國能源法》）
- "Marine Environmental Protection Law of the People's Republic of China (2023 Revision)"（《中華人民共和國海洋環境保護法（2023修訂）》）
- "Water Pollution Prevention and Control Law of the PRC"（《中華人民共和國水污染防治法》）
- "Integrated Wastewater Discharge Standard"（《污水綜合排放標準 (GB18466-2005)(GB 20426-2006)(GB 20425-2006)》）
- "Water Law of the People's Republic of China (2016 Revision)"（《中華人民共和國水法（2016修正）》）
- "Yangtze River Protection Law of the People's Republic of China"（《中華人民共和國長江保護法》）
- "Yellow River Protection Law of the People's Republic of China"（《中華人民共和國黃河保護法》）
- "Standard for Pollution Control on Hazardous Waste Storage"（《危險廢物貯存污染控制標準(GB 18597-2001)》）
- "Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste"(《中華人民共和國固體廢物污染環境防治法》）

Singapore
• "Environmental Protection and Management Act 1999" • "Environmental Protection and Management (Air Impurities) Regulations" • "Energy Conservation Act 2012" • "Transboundary Haze Pollution Act 2014" • "Environmental Protection and Management (Greenhouse Gases) Regulations 2022" • "Carbon Pricing Act 2018" • "Environmental Public Health (General Waste Collection) Regulations" • "Resource Sustainability (Packaging Reporting) Regulations 2020" • "Resource Sustainability Act 2019" • "Resource Sustainability (E-waste Recyclers) Regulations 2021"
Australia
Federal • "Climate Change Act 2022" • "Protection of the Sea (Prevention of Pollution from Ships) Act 1983" • "Hazardous Waste (Regulation of Exports and Imports) Act 1989" • "Product Stewardship Act 2011" New South Wales • "Clean Air Act 1961" • "Protection of the Environment Operations Act 1997" • "Protection of the Environment Operations (Clean Air) Regulation 2022" • "Water Management Act 2000" • "Protection of the Environment Operations (Waste) Regulation 2014" • "Waste Avoidance and Resource Recovery Act 2001"
Social
Aspect B1: Employment
Hong Kong
• "Employment Ordinance"（《僱傭條例》）(Cap. 57 of the laws of Hong Kong) • "Employees' Compensation Ordinance"（《僱員補償條例》）(Cap. 282 of the laws of Hong Kong) • "Mandatory Provident Fund Schemes Ordinance"（《強制性公積金計劃條例》）(Cap. 485 of the laws of Hong Kong) • "Minimum Wage Ordinance"（《最低工資條例》）(Cap. 608 of the laws of Hong Kong) • "Sex Discrimination Ordinance"（《性別歧視條例》）(Cap. 480 of the laws of Hong Kong) • "Family Status Discrimination Ordinance"（《家庭崗位歧視條例》）(Cap. 527 of the laws of Hong Kong) • "Disability Discrimination Ordinance"（《殘疾歧視條例》）(Cap. 487 of the laws of Hong Kong) • "Race Discrimination Ordinance"（《種族歧視條例》）(Cap. 602 of the laws of Hong Kong) • "Hong Kong Bill of Rights Ordinance"（《香港人權法案條例》）(Cap. 383 of the laws of Hong Kong)

PRC

- “Labor Law of the PRC”（《中華人民共和國勞動法》）
- “Labor Contract Law of the PRC”（《中華人民共和國勞動合同法》）
- “Social Insurance Law of the PRC”（《中華人民共和國社會保險法》）
- “Regulation on the Employment of the Disabled”（《殘疾人就業條例》）
- “Law of the PRC on the Protection of Women’s Rights and Interests”（《中華人民共和國婦女權益保障法》）
- “Tentative Provisions on the Payment of Wages”（《工資支付暫行規定》）
- “Regulation on Paid Annual Leave for Employees”（《職工帶薪年休假條例》）
- “Regulation on Public Holidays for National Annual Festivals and Memorial Days”（《全國年節及紀念日放假辦法》）
- “Implementation Measures for Paid Annual Leave for Employees of Enterprises”（《企業職工帶薪年休假實施辦法》）

Singapore

- “Employment Act 1968”
- “Employment (Part-Time Employees) Regulations”
- “Retirement and Re-employment Act 1993”
- “Central Provident Fund Act 1953”
- “Employment of Foreign Manpower Act 1990”
- “Maintenance of Religious Harmony Act 1990”

Australia

Federal

- “Fair Work Act 2009”
- “National Employment Standards”
- “Anti-Discrimination Act 1977”
- “Age Discrimination Act 2004”
- “Disability Discrimination Act 1992”
- “Racial Discrimination Act 1975”
- “Sex Discrimination Act 1984”

New South Wales

- “Industrial Relations Act 1996”
- “Long Service Leave Act 1955”
- “Anti-Discrimination Act 1977”

Aspect B2: Health and Safety

Hong Kong

- "Occupational Safety and Health Ordinance"（《職業安全及健康條例》）(Cap. 509 of the laws of Hong Kong)
- “Factories and Industrial Undertakings Ordinance”（《工廠及工業經營條例》）(Cap. 59 of the laws of Hong Kong)
- “Construction Sites (Safety) Regulations”（《建築地盤（安全）規例》）(Cap. 59I of the laws of Hong Kong)
- “Occupational Retirement Schemes Ordinance”（《職業退休計劃條例》）(Cap. 426 of the laws of Hong Kong)

PRC

- “Indoor Air Quality Standard”（《室內空氣品質標準(GB/T 18883-2022)》）
- “Law of the PRC on Occupational Disease Prevention and Control”（《中華人民共和國職業病防治法》）

Singapore

- “Workplace Safety and Health Act 2006”
- “Workplace Safety and Health (Risk Management) Regulations”
- “Workplace Safety and Health (Design for Safety) Regulations 2015”
- “Work Injury Compensation Act 2019”

Australia

Federal

- “Work Health and Safety Act 2011”
- “Work Health and Safety Regulations 2011”

New South Wales

- “Work Health and Safety Act 2011”
- “Work Health and Safety Regulations 2017”

Aspect B4: Labour Standards

Hong Kong

- “Employment Ordinance”（《僱傭條例》）(Cap. 57 of the laws of Hong Kong)
- “Employment of Children Regulations”（《僱用兒童規例》）(Cap. 57B of the laws of Hong Kong)
- “Hong Kong Bill of Rights Ordinance”（《香港人權法案條例》）(Cap. 383 of the laws of Hong Kong)

PRC

- “Labor Law of the PRC”（《中華人民共和國勞動法》）
- “Law of the PRC on the Protection of Minors”（《中華人民共和國未成年人保護法》）
- “Provisions on the Prohibition of Using Child Labor”（《禁止使用童工規定》）

Singapore

- “Employment Act 1968”
- “Employment (Children and Young Persons) Regulations”
- “Prevention of Human Trafficking Act 2014”
- “Penal Code 1871”

Australia	
Federal	
•	"Fair Work Act 2009"
•	"Criminal Code Amendment (Trafficking in Persons Offences) Act 2005"
•	"Modern Slavery Act 2018"
New South Wales	
•	"Crimes Act 1900"
•	"Industrial Relations Act 1996"
•	"Children and Young Persons (Care and Protection) Act 1998"
•	"Modern Slavery Act 2018"
Aspect B6: Product Responsibility	
Hong Kong	
•	"Consumer Goods Safety Ordinance"（《消費品安全條例》）(Cap. 456 of the laws of Hong Kong)
•	"Trade Descriptions Ordinance"（《商品說明條例》）(Cap. 362 of the laws of Hong Kong)
•	"Personal Data (Privacy) Ordinance"（《個人資料（私隱）條例》）(Cap. 486 of the laws of Hong Kong)
•	"The Electronic Transactions Ordinance"（《電子交易條例》）(Cap. 553 of the laws of Hong Kong)
PRC	
•	"Administrative Regulations on Online Live-streaming Services"（《互聯網直播服務管理規定》）
•	"Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs"（《關於加強互聯網視聽節目內容管理的通知》）
•	"Administrative Measures for Internet Information Services"（《互聯網信息服務管理辦法》）
•	"Advertisement Law of the PRC"（《中華人民共和國廣告法》）
•	"Interim Measures on Internet Advertisement"（《互聯網廣告管理暫行辦法》）
•	"Product Quality Law of the PRC"（《中華人民共和國產品質量法》）
•	"E-commerce Law of the PRC"（《中華人民共和國電子商務法》）
•	"Minors Protection Law of the PRC"（《中華人民共和國未成年人保護法》）
•	"Criminal Law of the PRC"（《中華人民共和國刑法》）
•	"Civil Code of the PRC"（《中華人民共和國民法典》）
•	"Cybersecurity Law of the PRC"（《中華人民共和國網絡安全法》）
•	"Copyright Law of the PRC"（《中華人民共和國著作權法》）
•	"Patent Law of the PRC"（《中華人民共和國專利法》）
•	Measures for the Administration of the Restricted Use of Hazardous Substances in Electrical and Electronic Products（《電器電子產品有害物質限制使用管理辦法》）
•	GB/T 26572-2011 Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products（《電子電氣產品中限用物質的限量要求GB/T 26572-2011》）
•	"Personal Information Protection Act"（《個人信息保護法》）
•	"Data Security Law of the PRC"（《中華人民共和國數據安全法》）
•	"Provisions on Protecting the Personal Information of Telecommunications and Internet Users"（《電信和互聯網用戶個人信息保護規定》）
•	"Provisions on the Cyber Protection of Children's Personal Information"（《兒童個人信息網絡保護規定》）
•	"Information Security Technology: Personal Information Security Specification"（《信息安全技術—個人信息安全規範》）
•	"Trademark Law of the People's Republic of China (Revised in 2019)"（《中華人民共和國商標法（2019修正）》）

Singapore

- "Consumer Protection (Fair Trading) Act 2003"
- "Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975"
- "Consumer Protection (Safety Requirements) Regulations"
- "Singapore Code of Advertising Practice"
- "Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975"
- "Personal Data Protection Act 2012"
- "Cybersecurity Act 2018"

Australia

Federal

- "Competition and Consumer Act 2010, Schedule 2 (The Australian Consumer Law)"
- "Competition and Consumer Act 2010"
- "National Measurement Act 1960"
- "Privacy Act 1988"

New South Wales

- "Fair Trading Act 1987"
- "Public Health Act 2010"
- "Competition and Consumer Act 2010"
- "Privacy and Personal Information Protection Act 1998"

Other regions

- "General Data Protection Regulation"
- "California Consumer Privacy Act"

Aspect B7: Anti-corruption

Hong Kong

- "Theft Ordinance"（《盜竊罪條例》）(Cap. 210 of the laws of Hong Kong)
- "Anti-Money Laundering and Counter-Terrorist Financing Ordinance"（《打擊洗錢及恐怖分子資金籌集條例》）(Cap. 615 of the laws of Hong Kong)
- "Prevention of Bribery Ordinance"（《防止賄賂條例》）(Cap. 201 of the laws of Hong Kong)

PRC

- "Criminal Law of the PRC"（《中華人民共和國刑法》）
- "Anti-unfair Competition Law of the PRC"（《中華人民共和國反不正當競爭法》）
- "Anti-Money Laundering Law of the PRC"（《中華人民共和國反洗錢法》）

Singapore

- "Prevention of Corruption Act 1960"
- "Penal Code 1871"
- "Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992"
- "Terrorism (Suppression of Financing) Act 2002"

Australia

Federal

- "Criminal Code Act 1995"
- "Anti-Money Laundering and Counter-Terrorism Financing Act 2006"

New South Wales

- "Crimes Act 1900"

HKEX ESG REPORTING GUIDE INDEX

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Independent Auditor's Report

To the Shareholders of Meitu, Inc.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Meitu, Inc. (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 146 to 239, comprise:

- the consolidated balance sheet as of December 31, 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:
- Impairment assessments of goodwill
- Fair value measurement of financial assets at fair value through profit or loss

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill Refer to Notes 4(c), 15(b) and 39(g) to the consolidated financial statements. As of December 31, 2024, the Group recorded a significant amount of goodwill arising from several acquisitions, composed of original costs of RMB584,945,000 and related impairment provision of RMB188,602,000, brought forward from previous years. No additional impairment loss had been recognized during the year ended December 31, 2024. For the purpose of performing impairment assessment, the goodwill balance was allocated to two cash-generating units ("**CGUs**") and a group of CGUs of the Group. The recoverable amounts of CGUs and group of CGUs were determined based on the higher of value in use ("**VIU**") and fair value less cost of disposal. VIU was determined by applying discounted cash flow model. The key assumptions applied in the model primarily include (i) average expected growth rate of revenue; (ii) average gross margin; (iii) terminal growth rate after 5 years; and (iv) pre-tax discount rate. We focused on this area due to the significance of the carrying amounts of goodwill as of December 31, 2024; and the fact that significant estimation and judgment were subject to a high degree of estimation uncertainty; and the inherent risk was considered relatively higher due to uncertainty of significant assumptions used in the impairment assessment.	• We obtained an understanding of the management's internal controls and valuation processes in relation to impairment assessments of goodwill and assessed the inherent risks of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. • We evaluated and tested the controls over the impairment assessments of goodwill. • We assessed the appropriateness of the valuation model adopted for the impairment assessments of goodwill with the involvement of our in-house valuation experts. • We assessed the competence, capabilities and objectivity of the external valuation expert engaged by the Group for performing the goodwill impairment assessments by evaluating its qualifications, relevant experience and relationship with the Group. • We assessed reasonableness and appropriateness of the key assumptions adopted including average expected growth rate of revenue and average gross margin by comparing them against the historical results of the CGUs and group of CGUs, the approved budgets of the CGUs and group of CGUs, and the Group's business plan. We assessed the pre-tax discount rate and terminal growth rate after 5 years with reference made against comparable listed companies and available market data with the involvement of our in-house valuation experts.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of goodwill (Continued)	
	• We independently tested the accuracy of mathematical calculations applied in the valuation models. • We evaluated the sensitivity analysis prepared by management around the key assumptions and estimates to assess the potential impact of a range of possible outcomes. Based on the procedures we performed, we concluded that the management's estimation and judgment involved in determining the impairment was supported by the evidence we gathered.
Fair value measurement of financial assets at fair value through profit or loss	
Refer to Note 3.3(c), 4(a), 16(b) and 39(h) to the consolidated financial statements. As of December 31, 2024, the Group's carrying value of long-term investments classified as financial assets at fair value through profit and loss ("**FVTPL**") amounted to RMB1,285,072,000. For the year ended December 31, 2024, the Group had recognized a net loss on fair value changes of RMB316,663,000 on its financial assets at FVTPL. The fair value of financial assets at FVTPL had been determined using different valuation methodologies, namely equity allocation model with market approach, and discounted cash flow method, based on significant unobservable inputs. Fair value measurement had taken into account the estimation of the significant unobservable inputs, including enterprise value-to-sales ratio, marketability discount, terminal growth rate, and weighted average cost of capital.	• We obtained an understanding of the management's internal control and valuation processes in relation to the financial assets at FVTPL and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. • We evaluated and tested the controls over the valuation of financial assets at FVTPL. • We involved our in-house valuation experts to discuss with management and reconsider the appropriateness of valuation methodologies and assumptions used. • We assessed the competence, capabilities and objectivity of the external valuation expert engaged by the Group for performing the fair value valuation of FVTPL by evaluating its qualifications, relevant experience and relationship with the Group.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of financial assets at fair value through profit or loss *(Continued)* We focused on this area due to the significance of the balances of financial assets at FVTPL as of December 31, 2024, and the fact that the significant estimation and judgment were subject to a high degree of estimation uncertainty and the inherent risk was considered relatively higher due to uncertainty of significant assumptions used in determining the respective fair value of financial assets at FVTPL.	• We assessed the reasonableness of the significant unobservable inputs used in the valuation, including enterprise value-to-sales ratio, marketability discount, terminal growth rate, and weighted average cost of capital, by comparing the significant unobservable inputs to available market data with the involvement of our in-house valuation experts. • We tested the mathematical accuracy of the calculation of the management's assessments. Based on our audit procedures, we found that the management's estimation and judgment involved in determining the respective fair values of financial assets at FVTPL were supported by the evidence that we gathered.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wilson W.Y. Chow.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 18, 2025

Consolidated Income Statement

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	5	**3,340,761**	2,695,738
Cost of sales	8	**(1,046,550)**	(1,039,862)
Gross profit		**2,294,211**	1,655,876
Selling and marketing expenses	8	**(483,400)**	(428,188)
Administrative expenses	8	**(399,889)**	(300,915)
Research and development expenses	8	**(910,703)**	(635,484)
Net impairment losses on financial assets	3.1(b)	**(2,751)**	(18,852)
Other income	6	**23,618**	68,642
Other losses, net	7	**(364,785)**	(41,106)
Reversal of impairment losses and disposal gains on cryptocurrencies	15(a)	**639,556**	268,069
Impairment losses on intangible assets		**–**	(155,266)
Finance income, net	10	**50,664**	44,366
Share of losses of investments accounted for using the equity method	16(a)	**(23,668)**	(19,057)
Profit before income tax		**822,853**	438,085
Income tax expense	11	**(16,693)**	(71,667)
Profit for the year		**806,160**	366,418
Profit/(Loss) attributable to:			
– Owners of the Company	12	**805,176**	378,293
– Non-controlling interests		**984**	(11,875)
		806,160	366,418
Profit attributable to owners of the Company arises from:			
– Continuing operations		**806,160**	366,418
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)	12		
– Basic		**0.18**	0.09
– Diluted		**0.18**	0.08

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

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit for the year		**806,160**	366,418
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences		**6,933**	3,120
Items that will not be reclassified to profit or loss			
Currency translation differences		**16,777**	19,867
Changes in fair value of financial assets at fair value through other comprehensive income		**(5,825)**	–
Other comprehensive income for the year, net of tax		**17,885**	22,987
Total comprehensive income for the year, net of tax		**824,045**	389,405
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**823,061**	400,324
– Non-controlling interests		**984**	(10,919)

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

Consolidated Balance Sheet

	Note	As of December 31, 2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
ASSETS			
Non-current assets			
Property and equipment	13	**469,863**	464,129
Right-of-use assets	14	**52,100**	75,513
Intangible assets	15	**519,602**	775,754
Long-term investments			
– Investments in associates and joint ventures	16(a)	**96,541**	122,306
– Financial assets at fair value through profit or loss	16(b)	**1,285,072**	1,404,424
– Financial assets at fair value through other comprehensive income	16(c)	**31,903**	36,730
Prepayments and other receivables	19	**11,436**	20,243
Deferred tax assets	27(a)	**9,807**	9,291
Term deposits	20	**42,405**	90,000
		2,518,729	2,998,390
Current assets			
Inventories		**73,457**	53,838
Trade receivables	18	**407,014**	387,747
Prepayments and other receivables	19	**921,668**	919,635
Contract costs	5(a)	**136,226**	92,838
Short-term investments	3	**256,880**	140,850
Term deposits	20	**1,398,154**	532,959
Cash and cash equivalents	21(a)	**1,301,412**	640,629
Restricted cash	21(b)	**33,137**	300
		4,527,948	2,768,796
Total assets		**7,046,677**	5,767,186
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	22	**287**	283
Share premium	22	**7,104,304**	7,093,781
Reserves	23	**220,919**	83,911
Accumulated losses		**(2,298,775)**	(3,069,118)
Non-controlling interests		**5,827**	4,843
Total equity		**5,032,562**	4,113,700

Consolidated Balance Sheet

	Note	As of December 31, 2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Liabilities			
Non-current liabilities			
Lease liabilities	14	**27,235**	45,346
Deferred tax liabilities	27(b)	**166,616**	209,151
		193,851	254,497
Current liabilities			
Convertible redeemable preferred shares	29(d)	**163,627**	134,571
Borrowings	26	**102,890**	14,980
Trade and other payables	25	**786,428**	735,209
Lease liabilities	14	**24,596**	29,955
Income tax liabilities		**87,856**	60,689
Contract liabilities	5(a)	**654,867**	423,585
		1,820,264	1,398,989
Total liabilities		**2,014,115**	1,653,486
Total equity and liabilities		**7,046,677**	5,767,186

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

The consolidated financial statements on pages 146 to 239 were approved by the Board of Directors on March 18, 2025 and were signed on its behalf.

Wu Zeyuan	Hong Yupeng
Director	*Director*

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as of January 1, 2023		283	7,174,119	36,628	(3,441,407)	3,769,623	(60,109)	3,709,514
Comprehensive income/(loss)								
Profit/(Loss) for the year		–	–	–	378,293	378,293	(11,875)	366,418
Other comprehensive income/(loss)								
Currency translation differences	23(a)	–	–	22,031	–	22,031	956	22,987
Total comprehensive income/(loss) for the year		–	–	22,031	378,293	400,324	(10,919)	389,405
Transactions with owners as their capacity as owners								
Value of employee services:								
– Post-IPO Share Award Scheme	24(b)	–	–	55,669	–	55,669	–	55,669
– Share incentive to senior management	24(e)	–	–	(1,734)	–	(1,734)	(2,856)	(4,590)
Shares issued upon exercise of employee share options	22(a)	*	1,057	–	–	1,057	–	1,057
Appropriation to statutory reserves	23(b)	–	–	6,004	(6,004)	–	–	–
Dividends	28	–	(81,395)	–	–	(81,395)	–	(81,395)
Transaction with non-controlling interest		–	–	39,470	–	39,470	(39,470)	–
Disposal of a subsidiary		–	–	(74,157)	–	(74,157)	118,197	44,040
Total transactions with owners as their capacity as owners		–	(80,338)	25,252	(6,004)	(61,090)	75,871	14,781
Balance as of December 31, 2023		283	7,093,781	83,911	(3,069,118)	4,108,857	4,843	4,113,700

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as of January 1, 2024		283	7,093,781	83,911	(3,069,118)	4,108,857	4,843	4,113,700
Comprehensive income/(loss)								
Profit for the year		–	–	–	805,176	805,176	984	806,160
Other comprehensive income/(loss)								
Change in fair value of financial assets at fair value through other comprehensive income	16(c)	–	–	(5,825)	–	(5,825)	–	(5,825)
Currency translation differences	23(a)	–	–	23,710	–	23,710	–	23,710
Total comprehensive income for the year		–	–	17,885	805,176	823,061	984	824,045
Transactions with owners as their capacity as owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	32	4	159,175	–	–	159,179	–	159,179
Value of employee services:								
– Post-IPO Share Award Scheme/2024 Share Award Scheme	24(b)	–	–	77,257	–	77,257	–	77,257
– Share incentive to senior management	24(e)	–	–	770	–	770	–	770
– Share awards arising from a business combination	24(d)	–	–	6,263	–	6,263	–	6,263
Shares issued upon exercise of employee share options	22(a)	*	175	–	–	175	–	175
Appropriation to statutory reserves	23(b)	–	–	34,833	(34,833)	–	–	–
Dividends	28	–	(148,827)	–	–	(148,827)	–	(148,827)
Total transactions with owners as their capacity as owners		4	10,523	119,123	(34,833)	94,817	–	94,817
Balance as of December 31, 2024		287	7,104,304	220,919	(2,298,775)	5,026,735	5,827	5,032,562

* The amount is less than RMB1,000.

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

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**798,973**	490,929
Interest received		**3,016**	3,616
Interest paid		**(1,646)**	(1,800)
Income tax paid		**(54,536)**	(79,520)
Net cash generated from operating activities		**745,807**	413,225
Cash flows from investing activities			
Purchase of property and equipment		**(46,030)**	(51,766)
Purchase of intangible assets		**(6,650)**	(4,640)
Proceeds from disposal of property and equipment and intangible assets	30(a)	**1,978**	316
Acquisition in associates in the form of ordinary shares		**(12,002)**	(6,875)
Acquisition in a joint venture		**(10,000)**	(10,000)
Acquisition in financial assets at fair value through profit or loss		**(244,105)**	(328,067)
Proceeds from disposal of financial assets at fair value through profit or loss		**35,423**	44,620
Proceeds from disposal of an associate		**718**	–
Proceeds from disposal of cryptocurrencies	15(a)	**1,290,250**	–
Purchase of short-term investments, net		**(78,866)**	(100,329)
Purchase of short-term investment with original maturities over three months		**(35,000)**	–
Investment income received from short-term investments and term deposits		**53,651**	30,148
Placement of term deposits		**(1,657,073)**	(796,602)
Receipt from maturity of term deposits		**831,926**	591,049
Prepayments for acquisition of equity investment		**–**	(12,368)
Return from prepayments for acquisition of equity investment		**–**	8,368
Disposal of a subsidiary, net of cash outflow		**–**	(5,486)
Loans to an associate		**(3,000)**	–
Loans to investee companies		**–**	(53,000)
Repayments received from an investee company		**–**	50,000
Dividend income from an investee company		**8,152**	–
Payments for acquisition of subsidiaries, net of cash acquired	32(b)	**(122,207)**	–
Net cash generated from/(used in) investing activities		**7,165**	(644,632)

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from short-term borrowings	30(c)	**102,890**	96,760
Repayment of short-term borrowings	30(c)	**(17,980)**	(91,780)
Dividends paid to Company's shareholders	28	**(147,807)**	(81,395)
Payments for acquisition of non-controlling interests in non-wholly owned subsidiaries		**–**	(112,397)
Payments for lease liabilities	30(c)	**(35,772)**	(24,075)
Proceeds from shares issued under employee share option scheme		**204**	1,192
Proceeds from issuance of convertible redeemable preferred shares from a subsidiary	29	**–**	134,571
Transaction costs related to the issuance of convertible redeemable preferred shares from a subsidiary		**(5,609)**	(4,037)
Net cash used in financing activities		**(104,074)**	(81,161)
Net increase/(decrease) in cash and cash equivalents		**648,898**	(312,568)
Cash and cash equivalents at the beginning of the year	21	**640,629**	946,602
Effects of exchange rate changes on cash and cash equivalents		**11,885**	6,595
Cash and cash equivalents at the end of the year	21	**1,301,412**	640,629

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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.

Certain of the Group's business are subject to foreign investment restrictions. To comply with the relevant PRC laws, the wholly-owned subsidiary of the Company, Xiamen Home Meitu Technology Co., Ltd. ("**Meitu Home**"), has entered into a series of contractual arrangements (the "**Contractual Arrangements**") with Meitu Networks and its equity holders, which enable Meitu Home and the Group to:

- govern the financial and operating policies of Meitu Networks;
- exercise equity holders' voting rights of Meitu Networks;
- receive substantially all of the economic interest returns generated by Meitu Networks in consideration for the business support, technical and consulting services provided by Meitu Home;
- obtain an irrevocable and exclusive right with an initial period of 10 years to purchase all or part of the equity interests in Meitu Networks from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Meitu Home may exercise such options at any time until it has acquired all equity interests of Meitu Networks. The right is automatically renewable upon expiry unless it is superseded by a new term confirmed by Meitu Home; and
- obtain a pledge over the entire equity interests of Meitu Networks from its respective equity holders as collateral security for all of Meitu Networks' payments due to Meitu Home and to secure performance of Meitu Networks' obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group is able to have effective control over Meitu Networks and its subsidiaries, receive variable returns from its involvement with Meitu Networks and its subsidiaries, have the ability to affect those returns through its power over Meitu Networks and its subsidiaries and it is considered to control Meitu Networks and its subsidiaries. Consequently, the Company regards Meitu Networks and its subsidiaries as the controlled entities and consolidates the financial position and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Meitu Networks and its subsidiaries and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Meitu Networks and its subsidiaries. The directors of the Company ("**Directors**"), based on the advice of its PRC legal counsel, consider that the Contractual Arrangements among Meitu Home, Meitu Networks and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

1 GENERAL INFORMATION (CONTINUED)

Similar to Meitu Networks, a series of contractual arrangements were also executed for MeituEve Networks. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company.

In December 2024, contractual arrangements were rearranged for Meitu Networks due to the change of one of the nominee shareholders of Meitu Networks. As a result, Meitu Networks continues to be a controlled structured entity of the Company.

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**").

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Other than those material accounting policies information as disclosed elsewhere in this consolidated financial statements, a summary of the other accounting policies information has been set out in Note 39 to this consolidated financial statements.

2.2 Changes in accounting policies

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 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	Lease Liability in Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

(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:

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

This change in accounting policy does not have any impact to Group's profit, earnings per share nor cash flows for the year ended December 31, 2024.

Except for those as mentioned above, the amendments listed above did not have any material impact on the amounts recognized in prior years and are not expected to significantly affect the current or future years.

(b) New and amended standards and interpretations not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

As of December 31, 2024, 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	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company is United States dollars ("**US$**"). The Group's subsidiaries were primarily incorporated in the PRC and Hong Kong, which considered RMB and US$ 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 the 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. The Group did not hedge against any fluctuation in foreign currency.

For the Group's PRC and Hong Kong subsidiaries, the balance of foreign currency denominated monetary assets or liabilities is not significant as of December 31, 2024 and accordingly the Group does not anticipate that there is significant exposure of foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

Other than interest-bearing cash and cash equivalents, short-term investments, short-term and long-term bank deposits, the Group has no other significant interest-bearing assets or liabilities. Borrowings were granted at fixed rate and expose the Group to fair value interest risk. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets and liabilities resulted from the changes in interest rates, because the interest rates of bank balances and loans are not expected to change significantly.

(iii) Price risk

The Group is exposed to price risk in respect of long-term investments held by the Group, that are classified in the consolidated balance sheet as financial assets at fair value through profit or loss and intangible assets, respectively. The Group is not exposed to commodity price risk.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk (Continued)

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is achieved in accordance with the limits set by the Group. Each investment made is managed by senior management on a case by case basis. If the fair value of the investment in equity securities held by the Group had increased/decreased by 5% with all other variables held constant, profit before income tax for the year ended December 31, 2024 would have been approximately RMB64,254,000 (2023: RMB70,221,000) higher/lower.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, short-term and long-term bank deposits, short-term investments, restricted cash, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and cash equivalents, short-term and long-term bank deposits, short-term investments and restricted cash

To manage this risk arising from cash and cash equivalents, short-term and long-term bank deposits, short-term investment and restricted cash, the Group only transacts with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to those financial institutions.

(ii) Credit risk of trade receivables

The Group applies the simplified approach to measuring expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Group categorizes its trade receivables based on the nature of customer accounts, shared credit risk characteristics and account aging. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of trade receivables and adjusts for forward looking macroeconomic data. Trade receivables are categorized as the advertising and others.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of trade receivables (Continued)

The assessed expected credit losses for the trade receivables arising from its two main revenue streams as of December 31, 2024 and 2023 are determined as follows:

As of December 31, 2024	0-180 days	180-365 days	Over 365 days	Total
Advertising				
Gross carrying amount (RMB'000)	170,338	2,594	5,938	178,870
Including: assessed on collective basis	170,338	2,594	1,553	174,485
assessed on individual basis	–	–	4,385	4,385
Expected credit loss rate				
Including: assessed on collective basis	0.8%	5.9%	78.8%	1.5%
assessed on individual basis	–	–	100.0%	100.0%
Expected credit loss (RMB'000)	1,278	154	5,609	7,041
Including: assessed on collective basis	1,278	154	1,224	2,656
assessed on individual basis	–	–	4,385	4,385
Others				
Gross carrying amount (RMB'000)	233,957	2,947	2,767	239,671
Expected credit loss rate	0.5%	22.3%	100.0%	1.9%
Expected credit loss (RMB'000)	1,061	658	2,767	4,486

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of trade receivables (Continued)

As of December 31, 2023	0-180 days	180-365 days	Over 365 days	Total
Advertising				
Gross carrying amount (RMB'000)	213,735	4,849	14,446	233,030
Including: assessed on collective basis	213,735	4,849	10,011	228,595
assessed on individual basis	–	–	4,435	4,435
Expected credit loss rate				
Including: assessed on collective basis	0.7%	4.0%	79.9%	4.3%
assessed on individual basis	–	–	100.0%	100.0%
Expected credit loss (RMB'000)	1,580	193	12,437	14,210
Including: assessed on collective basis	1,580	193	8,002	9,775
assessed on individual basis	–	–	4,435	4,435
Others				
Gross carrying amount (RMB'000)	168,647	1,459	3,384	173,490
Expected credit loss rate	0.6%	18.3%	95.2%	2.6%
Expected credit loss (RMB'000)	1,075	267	3,221	4,563

The closing loss allowances for trade receivables as of December 31, 2024 and 2023 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**18,773**	13,870
(Decrease)/Increase in allowance recognized in profit or loss during the year	**(574)**	7,100
Reversal of previous impairment losses	**(6,672)**	(2,197)
At the end of the year	**11,527**	18,773

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables

Other receivables mainly comprise amounts due from other receivables in relation to payment on behalf of advertisers, rental and other deposits, deductible value-added tax, interest receivables, loan to related parties and other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of third party;
- significant changes in the expected performance and behaviour of the third party, including changes in the payment status and changes in the operating results of the third party.

The Group uses three categories for those receivables due from certain entities (including rental and other deposits, interest receivables, loan to third parties and other receivables) which reflect their credit risk and how the loss allowance is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss allowance
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 180 days past due	Lifetime expected losses (stage 2)
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses (stage 3)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables (Continued)

The gross carrying amount of other receivables due from certain entities, and thus the maximum exposure to loss measured under 12 months expected credit loss method, is as follows:

	As of December 31, 2024 RMB'000	2023 RMB'000
Performing	**42,136**	77,421
Non-performing	**23,000**	20,000
Total gross other receivables due from certain entities	**65,136**	97,421
Less: loss allowance	**(23,718)**	(20,665)
Other receivables net of expected credit losses	**41,418**	76,756

For other receivables in relation to payment on behalf of advertisers, management makes periodic assessments on the recoverability of receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for these receivables and adjusts for forward looking macroeconomic data.

The assessed expected credit losses for the other receivables in relation to payment on behalf of advertisers as of December 31, 2024 and 2023 are determined as follows:

As of December 31, 2024	0-180 days	180-365 days	Over 365 days	Total
Gross carrying amount (RMB'000)	698,258	8,896	26,493	733,647
Including: assessed on collective basis	698,258	8,896	1,987	709,141
assessed on individual basis	–	–	24,506	24,506
Expected credit loss rate				
Including: assessed on collective basis	0.7%	15.4%	93.2%	1.2%
assessed on individual basis	–	–	100.0%	100.0%
Expected credit loss (RMB'000)	5,113	1,373	26,358	32,844
Including: assessed on collective basis	5,113	1,373	1,852	8,338
assessed on individual basis	–	–	24,506	24,506

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of other receivables (Continued)

As of December 31, 2023	0-180 days	180-365 days	Over 365 days	Total
Gross carrying amount (RMB'000)	722,599	18,701	21,241	762,541
Including: assessed on collective basis	722,599	18,701	3,176	744,476
assessed on individual basis	–	–	18,065	18,065
Expected credit loss rate				
Including: assessed on collective basis	0.5%	8.1%	93.8%	1.1%
assessed on individual basis	–	–	100.0%	100.0%
Expected credit loss (RMB'000)	3,339	1,517	21,045	25,901
Including: assessed on collective basis	3,339	1,517	2,980	7,836
assessed on individual basis	–	–	18,065	18,065

The closing loss allowance for other receivables as of December 31, 2024 and 2023 reconcile to the opening loss allowance as follows:

	Other receivables	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**46,565**	33,942
Increase in allowance recognized in profit or loss during the year	**13,425**	26,573
Receivables written off during the year as uncollectible	**–**	(1,326)
Reversal of previous impairment losses	**(3,428)**	(12,624)
At the end of the year	**56,562**	46,565

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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.

The table below analyzes the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
As of December 31, 2024					
Borrowings	103,006	–	–	103,006	102,890
Lease liabilities	34,762	26,412	2,084	63,258	51,831
Trade and other payables (excluding payroll and welfare payables and other taxes payables)	433,624	–	–	433,624	433,624
	571,392	26,412	2,084	599,888	588,345
As of December 31, 2023					
Borrowings	15,064	–	–	15,064	14,980
Lease liabilities	36,874	29,145	22,659	88,678	75,301
Trade and other payables (excluding payroll and welfare payables and other taxes payables)	457,175	–	–	457,175	457,175
	509,113	29,145	22,659	560,917	547,456

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital and capital reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or buy back the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as of December 31, 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).

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

As of December 31, 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Long-term investments				
– Financial assets at fair value through profit or loss (Note 16(b))	–	–	1,285,072	1,285,072
– Financial assets at fair value through other comprehensive income (Note 16(c))	21,705	–	10,198	31,903
Short-term investments	–	168,752	88,128	256,880
	21,705	168,752	1,383,398	1,573,855
Liabilities				
Convertible redeemable preferred shares	–	–	163,627	163,627

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

As of December 31, 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets:				
Long-term investments				
– Financial assets at fair value through profit or loss (Note 16(b))	–	–	1,404,424	1,404,424
– Financial assets at fair value through other comprehensive income (Note 16(c))	26,280	–	10,450	36,730
Short-term investments	–	–	140,850	140,850
	26,280	–	1,555,724	1,582,004
Liabilities				
Convertible redeemable preferred shares	–	–	134,571	134,571

(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 not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 2 (Continued)

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.

Level 2 instruments of the Group's assets mainly include short-term investments. The Group did not change any valuation techniques in determining the level 2 and level 3 fair values.

(c) Financial instruments in level 3

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

The following table presents the changes in level 3 items for the year ended December 31, 2024 and 2023:

	Financial assets at fair value through profit or losses RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Short-term investments RMB'000	Convertible redeemable preferred shares RMB'000
Year ended December 31, 2024				
Opening balance as of December 31, 2023	1,404,424	10,450	140,850	(134,571)
Additions	248,105	–	523,474	–
Disposals	(48,435)	–	(581,188)	–
Changes in fair value (Note 7)	(316,663)	(408)	4,639	(26,761)
Transfer to investment in an associate	(5,000)	–	–	–
Currency translation differences	2,641	156	353	(2,295)
Closing balance as of December 31, 2024	1,285,072	10,198	88,128	(163,627)
Includes unrealised (losses)/gains recognised in profit or loss attributable to balances held at the end of the reporting period	(316,663)	–	198	(26,761)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

	Financial assets at fair value through profit or losses RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Short-term investments RMB'000	Convertible redeemable preferred shares RMB'000
Year ended December 31, 2023				
Opening balance as of December 31, 2022	1,195,064	10,276	40,521	–
Additions	328,067	–	1,891,906	(134,571)
Disposals	(44,620)	–	(1,798,732)	–
Changes in fair value (Note 7)	(73,531)	–	7,155	–
Currency translation differences	(556)	174	–	–
Closing balance as of December 31, 2023	1,404,424	10,450	140,850	(134,571)
Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	(73,531)	–	–	–

The Group have 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 included convertible redeemable preferred shares (Note 29(d)), investments in private companies (Note 16) and short-term investments. As the convertible redeemable preferred shares, investments in private companies and short-term investments are not traded in an active market and their fair values have 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-rasing transaction undertaken by the investees) and other exposure etc.

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 and 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

The quantitative information about fair value measurements using significant unobservable inputs (Level 3) and how a reasonable change in the input would affect the fair value is presented as follows:

Description	Fair value as of December 31, 2024 (RMB'000)	Fair value as of December 31, 2023 (RMB'000)	Unobservable inputs	Range 2024	Range 2023
Financial assets at fair value through profit or loss (Note 16(b))	1,285,072	1,404,424	Terminal growth rate	2.0%	2.2%
			WACC	26.9%	23.0%-27.0%
			Marketability discount	15.0%-30.0%	20.0%-31.0%
			Enterprise value-to-sales ratio	1.5-2.3	1.8-4.3
Financial assets at fair value through other comprehensive income	10,198	10,450	Terminal growth rate	2.4%	2.4%
			WACC	18.0%	18.0%
Short-term investments	88,128	140,850	Expected return rate	2.2%-4.2%	2.1%-5.3%
Convertible redeemable preferred shares (Note 29(d))	(163,627)	(134,571)	Terminal growth rate	2.0%	/
			WACC	22.0%	/

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

As of December 31, 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 RMB10,000 higher/RMB10,000 lower, RMB414,000 lower/RMB425,000 higher, RMB10,015,000 lower/RMB10,017,000 higher and RMB34,115,000 higher/RMB34,116,000 lower, respectively.

As of December 31, 2023, 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, RMB11,775,000 lower/RMB11,771,000 higher and RMB36,859,000 higher/RMB36,921,000 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

(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.

(iv) Convertible redeemable preferred shares

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 convertible redeemable preferred shares.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Fair value measurement of financial instruments at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market (for example, investments in private companies and convertible redeemable preferred shares issued by a subsidiary) is determined by using valuation methodologies. The Group uses its judgment to select a variety of methods and make assumptions, as mentioned in Note 3.3(c), that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(b) Impairment provision for trade and other receivables

Management assesses the impairment of trade and other receivables according to the trade and other receivables' expected credit loss, management's prior experiences and customers' conditions as well as applying management's judgments and estimates when determining the impairment to be recognized. Management reassesses the provision at each balance sheet date. Where the basis of judgments and estimates is different from the initial assessment, such differences will impact the provision for impairment and the carrying values of the trade and other receivables in the year.

(c) Impairment of goodwill

The Group tests goodwill for impairment on an annual basis. Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether goodwill is impaired requires an estimation of the recoverable amount of cash-generating units ("**CGUs**") or groups of CGUs to which goodwill have been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires the Group to estimate the future cash flows expected to arise from CGU or groups of CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise. Details of the key assumptions in assessment are disclosed in Note 15.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) Accounting of cryptocurrencies

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

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

As disclosed in Note 15(a), in determining fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for trading of cryptocurrencies, and to consider accessibility to and activity within those markets in order to identify the principal cryptocurrency markets to ascertain the respective fair market values.

The Group had disposed of all of its acquired cryptocurrencies during the year of 2024 and did not hold any cryptocurrencies as of December 31, 2024.

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 December 31, 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 RMB868,787,000 (December 31, 2023: RMB686,934,000) and RMB184,230,000 (December 31, 2023: RMB648,706,000), respectively.

The results of the revenue for the year ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Photo, video and design products	**2,085,616**	1,327,384
Advertising	**853,467**	758,790
Solutions for beauty industry	**384,574**	569,158
Others	**17,104**	40,406
Total revenue	**3,340,761**	2,695,738

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Over time	**2,379,352**	1,992,316
At a point in time	**961,409**	703,422
	3,340,761	2,695,738

No revenue from any customer exceeded 10% or more of the Group's revenue for the year ended December 31, 2024 and 2023.

(a) Contract costs and liabilities

(i) The Group has recognized the following assets and liabilities related to contracts with customers:

	As of December 31, 2024 RMB'000	2023 RMB'000
Contract costs:		
– Photo, video and design products	**132,741**	92,838
– Others	**3,485**	–
	136,226	92,838
Contract liabilities:		
– Photo, video and design products	**633,648**	410,552
– Solutions for beauty industry and Others	**21,219**	13,033
	654,867	423,585

(ii) No impairment of contract costs was recognized by the Group as of December 31, 2024 (2023: nil).

(iii) During the year ended December 31, 2024, RMB92,838,000 of carried-forward contract costs were recognized as cost of sales in the statement of profit or loss (2023: RMB54,371,000).

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Contract costs and liabilities (Continued)

(iv) The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
– Photo, video and design products	**410,552**	208,609
– Solutions for beauty industry and Others	**13,033**	36,634
	423,585	245,243

All the revenue contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Accounting policies of revenue recognition

(i) Photo, video and design products

Photo, video and design products revenue are revenues primarily from paid subscriptions and ID photo self-manufacturing service in the application.

The Group provides to users certain subscription packages which entitle paying subscribers with certain privileged or convenient features in the application. The subscription fee for these packages is time-based as well as consumable and is collected upfront from subscribers. Revenues from subscription packages derived from revenue from the premium membership subscription and professional subscription, which are recorded on gross basis. The term of the premium membership subscription ranges from one month to twelve months. The receipt of subscription fee is initially recorded as contract liabilities and recognized as revenue ratably over the subscription period. The subscription can be paid directly by users through various online payment channels. The term of professional subscription primarily ranges from one year to two years. Revenue from professional subscriptions is recognized when subscription service is consumed over the subscription period.

The Group provides ID photo self-manufacturing service which facilitates paid users, instead of going to a photo studio, to turn a selfie into an ID photo and to replace the selfie's background with an appropriate color and trim it to the appropriate size on their own. This revenue, recorded on gross basis, is generating from single-purchase features in the application and is recognized at point-in-time when the ID photo is delivered.

The Group recognizes service fees levied by online payment channels as the cost of sales. The payment of service fee levied by online payment channels is initially recorded as contract costs and recognized as cost of sales ratably over the subscription period.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Accounting policies of revenue recognition (Continued)

(i) Photo, video and design products (Continued)

The Group also generates revenues from the sale of license of Photo, video and design products content. Content licenses are generally purchased on annual basis, whereby a customer pays for a predetermined quantity of content that may be downloaded over a specific period of time, or, on a transactional basis, whereby a customer pays for individual content licenses at the time of download.

The Group recognizes revenue on both its subscription-based and transaction-based products when material is downloaded by a customer, at which time the license is provided. The Group recognizes revenue gross of contributor royalties because the Group is the principal in the transaction as it is the party responsible for the performance obligation and it controls the product or service before transferring it to the customer.

(ii) Solutions for beauty industry

The Group generates revenues of solutions for beauty industry primarily through selling cosmetic products to distributors and retailers. Sales of cosmetic products are recognized when the control of the products is transferred, being when the products are delivered and accepted by the distributors and retailers or logistics party in accordance with the terms of sales contracts.

The Group also provides enterprise resource planning SaaS system to cosmetic stores. The revenue is collected upfront and recognized over the subscription period.

The Group manufactures and sells a range of smart hardware products to retailers. Sales of smart hardware products are recognized when the control of the products is transferred, being when the products are delivered and accepted by the retailers.

(iii) Advertising

The Group offers advertising placements to advertisers through the Group's platforms and apps and mobile value-added services offerings.

Advertising revenues from the Group's platforms and apps comprise mainly display-based and performance-based advertisements.

Revenue from displaying advertisements to the users of online and mobile platforms operated by the Group is recognized ratably over the contracted period in which the advertisements are displayed. Revenue from performance-based advertisements is recognized based on actual performance measurement. The Group recognizes the revenue from the delivery of pay-per-click or pay-per-display advertisements for advertisers to users of the Group based on a per-click basis when the users click on the content, or on a per-display basis, when the advertising contents are displayed to the users.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Accounting policies of revenue recognition (Continued)

(iii) Advertising (Continued)

Revenue from these above sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected discounts payable to customers in relation to sales made at the end of the reporting period.

The Group provides advertising agency services between advertisers and website publishers. The advertisers can purchase advertising traffic from various media platforms through the Group. The Group charges the advertisers based on the same pricing mechanism as how the website publishers will charge to the Group. The Group provides advertising agency services to the advertisers and earns rebates from website publishers.

As the Group is not the principal in executing advertising activities and is acting on behalf of the website publishers. The Group reports the amount received from the advertisers and the amounts paid to the website publishers related to these transactions on a net basis and recognizes the rebate earned from website publishers as revenue. Accordingly, receivables in relation to payment on behalf of advertisers are recognized as other receivable and payables to advertising platforms are recognized as other payable.

Revenue in relation to rebates to be earned from certain website publishers are based on factors determined by these website publishers, such as quarterly or yearly spending at these website publishers' various platforms and other factors selected at the discretion of these website publishers. Such rebates earned from website publishers are recorded as revenues when impressions or clicks are successfully delivered.

When the services rendered exceed the payment, a contract asset is recognized. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Revenue from value-added services through leveraging platforms is earned from the service sharing fees from third parties, of which the Group leverages the platforms and its user base to promote the mobile entertainment and other online applications and it also collects from third-party game/application developers a predetermined percentage of the fees. The Group recognizes the related revenue on a net basis since the Group is acting as an agent in the transactions.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Accounting policies of revenue recognition (Continued)

(iv) Others

Other revenues are primarily earned from influencer marketing solutions business which is earned from the provision of advertising and marketing services to advertisers across multiple online and mobile social media platforms, through the online performance undertaken by third party influencers, who are individuals who have contracted with the Group. Advertisers receive the benefits from the services and the Group has the entitlement to service fees upon the acceptance of the delivery of the services by the advertisers. The basis of determination of the service fees charged to the advertisers is based on the level of popularity of the influencers and complexity of the related services. The Group agrees on a sharing ratio of the service fees with the influencers for the provision of their services.

The Group is primarily responsible for the fulfillment of the contracts entered into with the advertisers, and has the ultimate discretion to set the prices for the services with the advertisers, as well as the service fees to be shared with the influencers. As a result, the Group is viewed as a principal in the provision of the influencer marketing solutions services and revenue is recognized on a gross basis when the services are rendered based on the specific terms of the respective service contracts, and the share of service fees paid and payable to the influencers is recognized as the cost of sales.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

6 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government grants	**23,097**	26,127
Value-added tax refund	**521**	42,515
	23,618	68,642

7 OTHER LOSSES, NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Gains on short-term investments	**10,796**	7,155
Dividend income from an investee company	**8,152**	–
Dilution gains on deemed disposal (Note 16(a))	**5,563**	–
Fair value changes of financial assets at fair value through profit or loss (Note 16(b))	**(316,663)**	(73,531)
Impairment provisions for investments in associates and joint ventures (Note 16(a))	**(35,170)**	–
Fair value changes of convertible redeemable preferred shares (Note 29(d))	**(26,761)**	–
Losses on disposal of financial assets at fair value through profit or loss	**(13,012)**	–
Gains on disposal of a subsidiary (Note (a))	**–**	67,300
Remeasurement losses on consideration payable to non-controlling shareholders of a subsidiary (Note (b))	**–**	(40,970)
Others	**2,310**	(1,060)
	(364,785)	(41,106)

(a) On August 11, 2023, the Group disposed 20% equity interests of a subsidiary, Dajie Net Investment Holdings Ltd. ("**Dajie Net**"), to Rapid Recruitment Limited at a cash consideration of US$1 (equivalent to approximately RMB7) and recognized gains on disposal of RMB67,300,000. After the completion of the disposal transaction, the Group's shareholding in Dajie Net reduced from 58.98% to 38.98% and the Group lost the control over Dajie Net and only maintains significant influence in Dajie Net. Accordingly, Dajie Net started to be recognized as an investment in associate.

(b) On January 25, 2018, the Group acquired an aggregate 50.48% equity interests of Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd. ("**Ruisheng Tianhe**") and it became the Group's subsidiary accordingly. There was a contractual undertaking in the sales and purchase agreement that the Group was obliged to acquire the remaining 49.52% equity interests in Ruisheng Tianhe. The purchase price would be determined at the time of the future acquisition dates, through different tranches, according to a formula based on the future performance of Ruisheng Tianhe, which reflect the respective fair values of the interests.

7 OTHER LOSSES, NET (CONTINUED)

(b) (Continued)

As of December 31, 2022, the Group would be obliged to purchase the remaining 19.81% equity interests. During the year ended December 31, 2023, the consideration due to the non-controlling shareholders for the remaining 19.81% equity interests of Ruisheng Tianhe had been remeasured from RMB63,392,000 to RMB104,362,000 based on the adjusted performance result, which is agreed by management of the Group and non-controlling shareholders of Ruisheng Tianhe. As a result, remeasurement losses of RMB40,970,000 were recognized for the year ended December 31, 2023.

8 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses (Note 9)	**1,142,912**	909,516
Revenue sharing fee to payment channels	**430,431**	294,103
Inventories consumed and recognized as cost of sales	**331,226**	513,059
Arithmetic power, bandwidth and storage related costs	**336,580**	182,821
Promotion and advertising expenses	**290,020**	235,669
Depreciation of property and equipment and right-of-use assets (Note 13 and Note 14)	**71,255**	42,825
Professional service fees	**33,201**	39,152
Travelling and entertainment expenses	**28,382**	27,366
Tax and levies	**24,026**	28,592
Utilities and office expenses	**16,010**	14,593
Amortisation of intangible assets (Note 15)	**12,964**	7,993
Auditors' remuneration		
– Annual audit services	**6,250**	5,650
– Non-audit services	**660**	932
Others	**116,625**	102,178
Total cost of sales, selling and marketing expenses, administrative expenses and research and development expenses	**2,840,542**	2,404,449

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	**875,498**	707,951
Other social security costs, housing benefits and other employee benefits	**124,351**	103,133
Share-based compensation expenses	**84,290**	51,079
Pension costs – defined contribution plans	**58,773**	47,353
	1,142,912	909,516

(a) Senior management's emoluments

Senior management includes executive directors, the chief executive and other senior management personnel. The aggregate compensation paid or payable to senior management for employee services excluding the directors and the chief executive, whose details have been reflected in Note 34, is as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Share-based compensation expenses	**5,288**	18,360
Wages, salaries and bonuses	**9,230**	7,232
Pension costs – defined contribution plans	**70**	64
Other social security costs, housing benefits and other employee benefits	**24**	11
	14,612	25,667

The emoluments fell within the following bands:

	Number of individuals Year ended December 31, 2024	2023
HK$5,000,001 to HK$10,000,000	**2**	–
HK$10,000,001 to HK$15,000,000	**–**	1
HK$15,000,001 to HK$20,000,000	**–**	1
	2	2

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 1 director (2023: 1). All of these individuals have not received any emolument from the Group as an inducement to join the Group during the year ended December 31, 2024 (2023: nil). The emoluments payable to the 4 non-director (2023: 4) and 1 director (2023: 1) individuals for the year ended December 31, 2024 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Share-based compensation expenses	**19,833**	28,886
Wages and salaries	**8,393**	9,370
Bonuses	**9,116**	7,094
Compensation for loss of office	**493**	–
Pension costs – defined contribution plans	**51**	33
Other social security costs, housing benefits and other employee benefits	**221**	193
	38,107	45,576

The emoluments fell within the following bands:

	Number of individuals	
	Year ended December 31,	
	2024	2023
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,500,001 to HK$6,000,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,000,001 to HK$7,500,000	**2**	–
HK$8,500,001 to HK$9,000,000	**1**	–
HK$10,500,001 to HK$11,000,000	**–**	1
HK$11,000,001 to HK$11,500,000	**1**	1
HK$17,500,001 to HK$18,000,000	**–**	1
	5	5

10 FINANCE INCOME, NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Interest income	**51,354**	46,681
Foreign exchange gains, net	**6,505**	2,474
Interest expenses	**(1,650)**	(2,145)
Finance charges paid/payable for lease liabilities and others	**(5,545)**	(2,644)
	50,664	44,366

11 INCOME TAX EXPENSE

The income tax expense of the Group for the year ended December 31, 2024 and 2023 are analyzed as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Current income tax	**62,734**	77,470
Deferred income tax (Note 27)	**(46,041)**	(5,803)
	16,693	71,667

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit before income tax:	**822,853**	438,085
Tax calculated at statutory income tax rates applicable to profit of the consolidated entities in their respective jurisdictions	**26,342**	4,392
Tax effects of:		
– Preferential income tax rates applicable to subsidiaries	**(28,499)**	(7,210)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	**70,361**	40,113
– Utilization of previously unrecognized deductible tax losses	**(7,437)**	(608)
– Super Deduction for research and development expenses (Note (d))	**(63,077)**	(17,801)
– Expenses not deductible for income tax purposes	**20,254**	51,729
– Others	**(1,251)**	1,052
Income tax expense	**16,693**	71,667

11 INCOME TAX EXPENSE (CONTINUED)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As of December 31, 2024, certain subsidiaries of the Group suffered operating losses for the year. Based on management's assessment, the Group did not recognize deferred income tax assets of RMB692,999,000 in respect of losses to RMB4,215,313,000 that can be carried forward against future taxable income. The tax losses as of December 31, 2024 amounting to RMB184,341,000 can be carried forward indefinitely, and the remaining amount of RMB4,030,972,000 will expire from 2025 to 2034.

(a) 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.

(b) 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.

(c) Corporate income tax in other countries

Income tax rate 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 year.

(d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in 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, Beijing Meitu Home Technology Co., Ltd. and Beijing Zcool Network Technology Co., Ltd. have been qualified as an "High and New Technology Enterprise" ("**HNTE**") in the year 2024 under the EIT Law and was entitled to a preferential income tax rate of 15%.

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**").

12 EARNING PER SHARE

(a) Basic

	Year ended December 31, 2024	2023
Earning attributable to owners of the Company for the calculation of basic EPS (RMB'000)	**805,176**	378,293
Weighted average number of ordinary shares in issue (thousand)	**4,498,967**	4,414,966
Basic earning per share (RMB per share)	**0.18**	0.09

(b) Diluted

The shares options awarded under Pre-IPO ESOP (Note 24), awarded shares under the Post-IPO Share Award Scheme/2024 Share Award Scheme (Note 24), awarded shares under Share Incentive to Senior Management of Subsidiaries, awarded share arising from a business combination (Note 24) 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 and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS).

The convertible redeemable preferred shares are anti-dilutive, as net of tax and other changes in income or expense, per ordinary share obtainable on conversion exceeds basic EPS for the year ended December 31, 2024, the profit attributable to owners of the Company (numerator) has not been adjusted by the effect of convertible redeemable preferred shares.

The calculation of diluted EPS for the year ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Earnings attributable to owners of the Company for the calculation of diluted EPS (RMB'000)	**805,176**	378,293
Weighted average number of ordinary shares in issue (thousand)	**4,498,967**	4,414,966
Adjustments for share options and awarded shares (thousand)	**38,236**	50,483
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand)	**4,537,203**	4,465,449
Diluted EPS (RMB per share)	**0.18**	0.08

13 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
As of January 1, 2024					
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
Year ended December 31, 2024					
Opening net book amount	4,743	26,108	416,736	16,542	464,129
Business combinations	–	634	–	22	656
Additions	27,024	14,256	–	5,043	46,323
Transfer from construction in progress to buildings and others	(31,060)	1,156	9,312	20,592	–
Disposals	–	(1,981)	–	(152)	(2,133)
Depreciation charges	–	(12,166)	(11,911)	(15,035)	(39,112)
Closing net book amount	707	28,007	414,137	27,012	469,863
As of December 31, 2024					
Cost	707	89,267	435,570	63,904	589,448
Accumulated depreciation and impairment	–	(61,260)	(21,433)	(36,892)	(119,585)
Net book amount	707	28,007	414,137	27,012	469,863
As of January 1, 2023					
Cost	428,376	60,367	–	24,089	512,832
Accumulated depreciation and impairment	–	(51,299)	–	(20,294)	(71,593)
Net book amount	428,376	9,068	–	3,795	441,239
Year ended December 31, 2023					
Opening net book amount	428,376	9,068	–	3,795	441,239
Additions	35,389	8,410	–	3,564	47,363
Transfer from construction in progress to buildings and others	(459,022)	17,007	426,258	13,632	(2,125)
Disposals	–	(139)	–	(239)	(378)
Disposal of a subsidiary	–	(960)	–	(282)	(1,242)
Depreciation charges	–	(7,278)	(9,522)	(3,928)	(20,728)
Closing net book amount	4,743	26,108	416,736	16,542	464,129
As of December 31, 2023					
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

13 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation charges were expensed in the following categories in the consolidated income statement:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Research and development expenses	**23,071**	13,799
Administrative expenses	**14,716**	6,473
Selling and marketing expenses	**1,275**	415
Cost of sales	**50**	41
	39,112	20,728

(i) Depreciation methods and useful lives

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

– Buildings	35 years
– Servers and other equipment	3 years
– Furniture and office equipment	5 years
– Motor vehicles	4 years
– Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

14 LEASE

(i) Amounts recognized in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**52,100**	75,513
Lease liabilities		
Current	**24,596**	29,955
Non-current	**27,235**	45,346
	51,831	75,301

14 LEASE (CONTINUED)

(i) Amounts recognized in the consolidated balance sheet (Continued)

Additions to the right-of-use assets during the year ended December 31, 2024 were RMB13,983,000 (2023: RMB80,297,000).

(ii) Amounts recognized in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Buildings	**32,143**	22,097
Interest expense (included in finance cost)	**3,238**	1,454
Expense relating to short-term leases and leases of low value assets	**3,552**	10,867

The total cash outflow for leases during the year ended December 31, 2024 was RMB39,324,000 (2023: RMB34,942,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various buildings. Rental contracts are typically entered into for fixed periods ranging from 1 to 3 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

15 INTANGIBLE ASSETS

	Cryptocurrencies (Note (a)) RMB'000	Goodwill (Note (b)) RMB'000	Brand names RMB'000	Computer software RMB'000	Copyrights and Others RMB'000	Total RMB'000
As of January 1, 2024						
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
Year ended December 31, 2024						
Opening net book amount	640,461	82,670	–	8,813	43,810	775,754
Additions	–	–	–	4,684	1,966	6,650
Business combinations (Note 32)	–	313,673	59,800	16,337	717	390,527
Amortization charge	–	–	(2,990)	(3,733)	(6,241)	(12,964)
Reversal of impairment loss	68,145	–	–	–	–	68,145
Disposal of cryptocurrencies	(718,839)	–	–	–	–	(718,839)
Currency translation differences	10,233	–	–	–	96	10,329
Closing net book amount	–	396,343	56,810	26,101	40,348	519,602
As of December 31, 2024						
Cost	–	584,945	59,800	40,047	90,763	775,555
Accumulated amortization and impairment	–	(188,602)	(2,990)	(13,946)	(50,415)	(255,953)
Net book amount	–	396,343	56,810	26,101	40,348	519,602
As of January 1, 2023						
Cost	696,460	433,311	140,700	16,065	156,987	1,443,523
Accumulated amortization and impairment	(328,350)	(195,375)	(140,700)	(8,517)	(110,740)	(783,682)
Net book amount	368,110	237,936	–	7,548	46,247	659,841
Year ended December 31, 2023						
Opening net book amount	368,110	237,936	–	7,548	46,247	659,841
Additions	–	–	–	3,044	3,721	6,765
Disposal of a subsidiary	–	–	–	(32)	–	(32)
Amortization charge	–	–	–	(1,747)	(6,246)	(7,993)
Currency translation differences	4,282	–	–	–	88	4,370
Reversal of impairment loss/(impairment loss)	268,069	(155,266)	–	–	–	112,803
Closing net book amount	640,461	82,670	–	8,813	43,810	775,754
As of December 31, 2023						
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

15 INTANGIBLE ASSETS (CONTINUED)

Copyrights, brand names, customer relationship and others acquired in business combination are recognized at fair value at the acquisition date. Separately copyrights are shown at historical cost. Copyrights, brand names, customer relationship and others have finite useful lives and are carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method over the useful lives (3 to 10 years).

Amortization charges were expensed in the following categories in the consolidated income statement:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Selling and marketing expenses	**7,873**	3,602
Administrative expenses	**2,096**	2,079
Cost of sales	**2,250**	1,681
Research and development expenses	**745**	631
	12,964	7,993

(a) Reversal of impairment losses and disposal gains on cryptocurrencies

Cryptocurrencies purchased and held by the Group had been assessed based on each type of cryptocurrencies for impairment testing. 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 during the year 2024 (2023: reversal of impairment losses of RMB268,069,000).

The Group had disposed all of its acquired cryptocurrencies amounting to RMB718,839,000 during the year ended December 31, 2024. The Group recognized gains from these disposal of cryptocurrencies in the amount of RMB571,411,000.

(b) Impairment test for goodwill

Goodwill is measured as described in Note 39(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs or groups of CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

15 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment test for goodwill (Continued)

Goodwill arising from the Group's acquisition of subsidiaries was determined at the acquisition date, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees. Goodwill has been assessed based on the related acquirees' CGUs or groups of CGUs for impairment testing. The Group carries out its impairment testing on goodwill by comparing the recoverable amounts of CGUs or groups of CGUs to their carrying amounts.

Goodwill of the Group was allocated to CGUs or groups of CUGs. CGU A engaged in advertising agency services and CGU B engaged in solutions for beauty industry, group of CGUs C engaged in Photo, video and design products.

As of December 31, 2024, goodwill was allocated to the Group's CGUs and group of CUGs identified as follows:

	As of December 31, 2024		
	RMB'000	RMB'000	RMB'000
	CGU A	CGU B	Group of CGUs C
Cost	49,740	221,532	313,673
Accumulated impairment	(33,336)	(155,266)	–
Net book amount	16,404	66,266	313,673

The recoverable amount of the CGU or group of CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined a projection period of five years based on expected development trend of the acquirees and industry experiences. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. The growth rate does not exceed the long-term average growth rate for the related industry in which the CGU or group of CGUs operates. The discount rate used is pre-tax and reflects specific risks relating to the relevant industry.

The key assumptions used for value-in-use calculations for CGU B are as follows:

	Year ended December 31,	
	2024	2023
	CGU B	CGU B
Average expected growth rate of revenue	8.50%	23.70%
Average gross margin	8.88%	5.71%
Terminal growth rate after 5 years	2.00%	2.20%
Pre-tax discount rate	17.50%	17.60%

15 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment test for goodwill (Continued)

Based on the assessment of the performance of the CGU B, the recoverable amount was higher than its carrying amount.

If the average expected growth rate of revenue and average gross margin for each year during the forecast period used in business of solutions for beauty industry' value-in-use calculation had been five percentage point respectively lower than management's estimates on December 31, 2024, the estimated recoverable amount of the CGU should be lowered by approximately RMB3,893,000 and RMB14,712,000 respectively. If the terminal growth rate after 5 years applied had been five percentage point lower than management's estimates on December 31, 2024, the estimated recoverable amount of the CGU should be lowered by approximately RMB759,000. If the pre-tax discount rate applied to the cash flow projections had been five percentage point higher than management's estimates on December 31, 2024, the estimated recoverable amount of the CGU should be lowered by approximately RMB10,286,000.

The key assumptions used for value-in-use calculations for group of CGUs C are as follows:

	Year ended December 31, 2024 Group of CGUs C
Average expected growth rate of revenue	16.53%
Average gross margin	76.07%
Terminal growth rate after 5 years	2.00%
Pre-tax discount rate	15.60%

Based on the assessment of the performance of the group of CGUs C, the recoverable amount was higher than its carrying amount.

16(a) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Year ended December 31, 2024 RMB'000	2023 RMB'000
As of January 1	**122,306**	123,733
Additions	**22,002**	16,875
Converted from investment in financial assets at fair value through profit or loss	**5,000**	–
Disposal	**(609)**	–
Impairment charges	**(35,170)**	–
Share of losses of the associates and the joint ventures	**(23,668)**	(19,057)
Dilution gains on deemed disposal	**5,563**	–
Currency translation differences	**1,117**	755
As of December 31	**96,541**	122,306

For the year ended December 31, 2024, none of the Group's investments in associates or the joint ventures is individually material to the Group.

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

	Year ended December 31, 2024 RMB'000	2023 RMB'000
As of January 1	**1,404,424**	1,195,064
Additions	**248,105**	328,067
Transfer to investment in an associate	**(5,000)**	–
Disposals	**(48,435)**	(44,620)
Changes in fair value (Note 7)	**(316,663)**	(73,531)
Currency translation differences	**2,641**	(556)
As of December 31	**1,285,072**	1,404,424

The Group made investments in redeemable convertible preferred shares and ordinary shares with preferred rights (collectively as "**preferred shares**") of private companies, and these investments held by the Company contain certain embedded derivatives. 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.

In certain investment in form of preferred shares, the Group also holds board seats to enable it can participate in the investees' financial and operating activities. These investees are accounted for as associates being measured through financial assets at fair value through profit or loss based on the assessment discussed above.

16(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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 year ended December 31, 2024, change in fair value amounting to RMB316,663,000 was recognized as other losses in the consolidated income statement (2023: other losses RMB73,531,000) (Note 7).

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

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
As of January 1	**36,730**	36,181
Additions	**267**	–
Changes in fair value	**(5,825)**	–
Currency translation differences	**731**	549
As of December 31	**31,903**	36,730

The Group holds investments in ordinary shares of a certain private company and of listed companies, 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 year ended December 31, 2024, change in fair value amounting to RMB5,825,000 was recognized as other comprehensive loss in the statement of comprehensive income (2023: nil) (Note 23).

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortized cost:		
– Term deposits (Note 20)	**1,440,559**	622,959
– Cash and cash equivalents (Note 21(a))	**1,301,412**	640,629
– Trade and other receivables (excluding prepayments and deductible value-added tax)	**1,150,254**	1,189,638
– Restricted cash (Note 21(b))	**33,137**	300
Financial assets at fair value through profit or loss:		
– Long-term investments (Note 16(b))	**1,285,072**	1,404,424
– Short-term investments	**256,880**	140,850
Financial assets at fair value through other comprehensive income (Note 16(c))	**31,903**	36,730
	5,499,217	4,035,530

17 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000
Financial liabilities		
Financial liabilities at amortized cost:		
– Trade and other payables (excluding payroll and welfare payables and other taxes payables)	**433,624**	457,175
– Borrowings (Note 26)	**102,890**	14,980
– Lease liabilities (Note 14)	**51,831**	75,301
Financial liabilities at fair value through profit or loss:		
– Convertible redeemable preferred shares (Note 29(d))	**163,627**	134,571
	751,972	682,027

18 TRADE RECEIVABLES

	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000
Trade receivables from contracts with customers	**418,541**	406,520
Less: loss allowance (Note 3.1(b))	**(11,527)**	(18,773)
	407,014	387,747

The Group grants credit periods of 30 to 120 days to its customers. As of December 31, 2024 and 2023, the aging analysis of trade receivables based on transaction dates was as follows:

	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000
Up to 6 months	**404,295**	382,382
6 months to 1 year	**5,541**	6,308
Over 1 year	**8,705**	17,830
	418,541	406,520

18 TRADE RECEIVABLES (CONTINUED)

As of December 31, 2024 and 2023, the carrying amounts of trade receivables were primarily denominated in RMB and approximated their fair values.

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

19 PREPAYMENTS AND OTHER RECEIVABLES

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Included in non-current assets		
Rental and other deposits	**9,337**	13,261
Others	**2,243**	7,115
Less: loss allowance (Note 3.1(b))	**(144)**	(133)
	11,436	20,243
Included in current assets		
Other receivables in relation to payment on behalf of advertisers	**733,647**	762,541
Prepayment to advertising platform for advertising agency services	**87,612**	66,691
Deductible value-added tax	**54,268**	32,118
Loan to third parties	**26,000**	20,000
Rental and other deposits	**25,217**	31,510
Prepayment for inventories	**24,989**	4,580
Others	**26,353**	48,627
Less: loss allowance (Note 3.1(b))	**(56,418)**	(46,432)
	921,668	919,635

As of December 31, 2024 and 2023, the carrying amounts of other receivables were primarily denominated in RMB and approximated their fair values.

20 TERM DEPOSITS

	As of December 31, 2024 RMB'000	2023 RMB'000
Included in non-current assets:		
Long-term bank deposits	**42,405**	90,000
Included in current assets:		
Short-term bank deposits	**1,350,851**	490,463
Current portion of long-term bank deposits	**47,303**	42,496
	1,398,154	532,959
	1,440,559	622,959

As of December 31, 2024, short-term bank deposits amounting RMB1,350,851,000 (2023: RMB490,463,000) are bank deposits with original maturities over three months but less than one year and redeemable upon maturity, while long-term bank deposits amounting RMB89,708,000 (2023: RMB132,496,000) are bank deposits with original maturities over one year and redeemable on maturity. As of December 31, 2024, the principal amount of RMB1,378,105,000 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 Hong Kong dollars ("**HK$**"), and the weighted average effective interest rate was 4.51% per annum for the year ended December 31, 2024 (2023: 4.86%).

21 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Cash at bank and in hand	**860,818**	355,638
Short-term bank deposits with initial terms within three months	**440,594**	284,991
	1,301,412	640,629

(i) Classification as cash equivalents

For the purpose of presentation in the statement of cash flows, 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(b) Restricted cash

As of December 31, 2024, RMB300,000 (2023: RMB300,000) of restricted deposits were held in a bank to guarantee payments of certain operating expenses, RMB32,837,000 of term deposits were pledged as collateral for a bank borrowing.

22 SHARE CAPITAL AND PREMIUM

On November 25, 2016, the Company's shareholders resolved, among other things that, subject to the completion of initial public offering and fulfilment of certain other conditions, all the issued and unissued preferred shares will be re-classified and re-designated as ordinary shares of US$0.0001 par value each, following which each issued and unissued ordinary share of US$0.0001 par value each of the Company will be subdivided into 10 Shares of US$0.00001 par value each such that the authorized share capital of the Company shall be US$60,000 divided into 6,000,000,000 shares of par value US$0.00001 each ("**Share Subdivision**"). The share information stated as follows is after sub-division.

As of December 31, 2024 and 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
Issued:					
As of January 1, 2024		4,477,679	43	283	7,093,781
Employee share option scheme under Pre-IPO ESOP					
– Shares issued and proceeds received	(a)	819	*	**	175
Post-IPO Share Award Scheme/2024 Share Award Scheme					
– Shares issued	(b)	20,000	–	–	–
Consideration of a business combination					
– Shares issued		56,982	–	4	159,175
Dividends	28	–	–	–	(148,827)
As of December 31, 2024		4,555,480	43	287	7,104,304
As of January 1, 2023		4,442,705	43	283	7,174,119
Employee share option scheme under Pre-IPO ESOP					
– Shares issued and proceeds received	(a)	4,974	*	**	1,057
Post-IPO Share Award Scheme					
– Shares issued	(b)	30,000	–	–	–
Dividends	28	–	–	–	(81,395)
As of December 31, 2023		4,477,679	43	283	7,093,781

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

** The amount is less than RMB1,000.

(a) During the year ended December 31, 2024, 818,531 pre-IPO share options with exercise price of US$0.03 were exercised (2023: 4,973,520 pre-IPO share options).

(b) During the year ended December 31, 2024, the Company issued 505,000 new shares under the Post-IPO Share Award Scheme, and 19,495,000 new shares under the 2024 Share Award Scheme (2023: 30,000,000 shares under the Post-IPO Share Award Scheme).

23 RESERVES

	Statutory surplus reserve RMB'000	Share-based compensation reserve RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
As of January 1, 2024	**39,453**	**600,450**	**8,619**	**(353,948)**	**(210,663)**	**83,911**
Value of employee services:						
– Post-IPO Share Award Scheme/2024 Share Award Scheme (Note 24 (b))	**–**	**77,257**	**–**	**–**	**–**	**77,257**
– Share incentive to senior management (Note 24 (e))	**–**	**770**	**–**	**–**	**–**	**770**
– Share awards arising from a business combination (Note 24 (d))	**–**	**6,263**	**–**	**–**	**–**	**6,263**
Changes in fair value of financial assets at fair value through other comprehensive income (Note 16 (c))	**–**	**–**	**(5,825)**	**–**	**–**	**(5,825)**
Currency translation differences (Note (a))	**–**	**–**	**–**	**23,710**	**–**	**23,710**
Appropriation to statutory reserves (Note (b))	**34,833**	**–**	**–**	**–**	**–**	**34,833**
As of December 31, 2024	**74,286**	**684,740**	**2,794**	**(330,238)**	**(210,663)**	**220,919**
As of January 1, 2023	33,449	546,515	8,619	(375,979)	(175,976)	36,628
Value of employee services:						
– Post-IPO Share Award Scheme (Note 24(b))	–	55,669	–	–	–	55,669
– Share incentive to senior management (Note 24 (e))	–	(1,734)	–	–	–	(1,734)
Currency translation differences (Note (a))	–	–	–	22,031	–	22,031
Appropriation to statutory reserves (Note (b))	6,004	–	–	–	–	6,004
Acquisition of additional equity interests in non-wholly owned subsidiaries	–	–	–	–	39,470	39,470
Disposal of a subsidiary	–	–	–	–	(74,157)	(74,157)
As of December 31, 2023	39,453	600,450	8,619	(353,948)	(210,663)	83,911

(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.

(b) The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to be made to equity holders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.

24 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 year ended December 31, 2024 (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 Year ended December 31, 2024	2023
At the beginning of the year		**12,870,000**	17,843,520
Exercised (Note (i))	$0.03	**(818,531)**	(4,973,520)
At the end of the year		**12,051,469**	12,870,000

Notes:

(i) As a result of the options exercised during the year ended December 31, 2024, 818,531 ordinary shares (2023: 4,973,520 ordinary shares) were issued by the Company. The weighted average price of the shares immediately before the dates on which the options were exercised was HK$3.20 per share (equivalent to RMB2.91 per share) (2023: HK$2.77 per share (equivalent to RMB2.49 per share)).

As of December 31, 2024, all share options granted are vested and exercisable, and will expire no later in 2026.

24 SHARE-BASED PAYMENTS (CONTINUED)

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

Movements in the number of awarded shares for the years ended December 31, 2024 and 2023 are as follows:

	Post-IPO Share Award Scheme/ 2024 Share Award Scheme Number of shares Year ended December 31,	
	2024	2023
At the beginning of the year	**27,997,545**	32,661,188
Granted	**59,495,785**	31,025,305
Vested	**(21,187,797)**	(31,125,381)
Forfeited	**(1,023,093)**	(4,563,567)
At the end of the year	**65,282,440**	27,997,545

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 year ended December 31, 2024 was HK$3.16 per share (equivalent to approximately RMB2.86 per share) (2023: HK$2.67 per share (equivalent to approximately RMB2.34 per share)).

During the year ended December 31, 2024, the Group recorded share-based compensation of RMB77,257,000 (2023: RMB55,669,000) related to Post-IPO Share Award Scheme/2024 Share Award Scheme.

The outstanding awarded shares as of December 31, 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.

(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 award (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated income statement. As of December 31, 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.

24 SHARE-BASED PAYMENTS (CONTINUED)

(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. The Post-IPO Share Option Scheme was terminated pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on June 5, 2024. As of December 31, 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 32). 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 Acquiree. 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 year ended December 31, 2024, the Group recorded share-based compensation for share awards of RMB6,263,000.

(e) Share Incentive to Senior Management

Certain share incentive was offered to several senior management with a service period or based on the future performance forecast. During the year ended December 31, 2024, the Group recorded share-based compensation for share incentive of RMB770,000 (2023: the Group net reversed share-based compensation for share incentive of RMB1,734,000).

25 TRADE AND OTHER PAYABLES

	As of December 31, 2024 RMB'000	2023 RMB'000
Included in current liabilities		
Payroll and welfare payables	335,207	265,952
Payables to platforms for agency services	188,318	244,876
Trade payables (Note(a))	179,496	140,604
Other tax payables	17,597	12,082
Contingent cash consideration for a business combination (Note(32))	15,132	–
Deposits payable	5,549	30,377
Others	45,129	41,318
	786,428	735,209

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

	As of December 31, 2024 RMB'000	2023 RMB'000
Up to 6 months	126,461	98,990
Over 6 months	53,035	41,614
	179,496	140,604

26 BORROWINGS

	As of December 31, 2024 RMB'000	2023 RMB'000
Bank borrowings, unsecured (Note (a))	72,890	14,980
Bank borrowings, secured (Note (b))	30,000	–
	102,890	14,980

(a) As of December 31, 2024, the Group's unsecured bank borrowings were denominated in RMB with an effective interest rate from 2.00% to 3.45% (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 1.34% per annum and are secured by a pledged term deposit.

(c) As of December 31, 2024 and 2023, the fair value of the Group's borrowings approximated to their carrying amounts due to the short maturity.

27 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets

	As of December 31, 2024 RMB'000	2023 RMB'000
Deferred tax assets:		
– Impairment of trade and other receivables	**9,736**	11,587
– Tax losses	**8,845**	–
– Lease liabilities	**12,648**	18,617
Total deferred tax assets	**31,229**	30,204
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	**(21,422)**	(20,913)
Net deferred tax assets	**9,807**	9,291

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Impairment of trade and other receivables RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Total RMB'000
As of January 1, 2023	15,910	–	6,689	22,599
(Charged)/Credited to profit or loss	(4,323)	–	11,928	7,605
As of January 1, 2024	**11,587**	**–**	**18,617**	**30,204**
Acquisition of a subsidiary	**–**	**8,845**	**–**	**8,845**
(Charged)/Credited to profit or loss	**(1,851)**	**–**	**(5,969)**	**(7,820)**
As of December 31, 2024	**9,736**	**8,845**	**12,648**	**31,229**

27 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Deferred tax liabilities

	As of December 31, 2024 RMB'000	2023 RMB'000
Deferred tax liabilities		
– Change in fair value of financial assets at fair value through profit or loss	**160,455**	206,712
– Appreciation on intangible assets from business combination	**14,977**	4,680
– Right-of-use assets	**12,606**	18,672
Total deferred tax liabilities	**188,038**	230,064
Set-off of deferred tax liabilities pursuant to set-off provisions	**(21,422)**	(20,913)
Net deferred tax liabilities	**166,616**	209,151

Movement	Change in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Appreciation on intangible assets from business combination RMB'000	Total RMB'000
As of January 1, 2023	216,291	6,631	5,340	228,262
(Credited)/charged to profit or loss	(9,579)	12,041	(660)	1,802
As of January 1, 2024	206,712	18,672	4,680	230,064
Acquisition of a subsidiary	–	–	11,835	11,835
(Credited)/charged to profit or loss	(46,257)	(6,066)	(1,538)	(53,861)
As of December 31, 2024	160,455	12,606	14,977	188,038

28 DIVIDENDS

The final dividends amounting to RMB147,807,000 were paid by the Company during the year ended December 31, 2024 (2023: RMB81,395,000), while the remaining RMB1,020,000 remained unclaimed as of December 31, 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.

The Board of Directors proposed a final dividend of RMB232,336,000 or HK$0.0552 per ordinary share out of the share premium account of the Company for the year ended December 31, 2024. Such dividend is to be approved by the shareholders at the Annual General Meeting on June 5, 2025. These consolidated financial statements do not reflect this dividend payable.

29 CONVERTIBLE REDEEMABLE PREFERRED SHARES

As mentioned in Note 2.2(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.

29 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

(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 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**").

(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.

29 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

(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.

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

	RMB'000
As of January 1, 2024	**134,571**
Change in fair value of the convertible redeemable preferred shares for the year included in profit or loss	26,761
Currency translation differences	2,295
As of December 31, 2024	**163,627**

The convertible redeemable preferred shares are classified as current liabilities as of December 31, 2024 because the Group has no right to defer settlement of the liability for at least 12 months after the reporting period.

Changes in fair value of convertible redeemable preferred shares were recorded in "fair value changes of convertible redeemable preferred shares".

30 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit before income tax	822,853	438,085
Adjustments for:		
– Depreciation of property and equipment (Note 13)	39,112	20,728
– Amortization of intangible assets (Note 15)	12,964	7,993
– Depreciation of right-of-use assets (Note 14)	32,143	22,097
– Share-based compensations (Note 9)	84,290	51,079
– Fair value changes on financial assets at fair value through profit or loss (Note 16(b))	316,663	73,531
– Fair value changes on convertible redeemable preferred shares (Note 29(d))	26,761	–
– Dilution gains on deemed disposals (Note 16(a))	(5,563)	–
– Impairment provisions for investments in associates and joint ventures (Note 16(a))	35,170	–
– Impairment of receivables (Note 3.1(b))	2,751	18,852
– Impairment of intangible assets (Note 15)	–	155,266
– Reversal of impairment losses and disposal gains on cryptocurrencies (Note 15)	(639,556)	(268,069)
– Share of losses of associates and a joint venture (Note 16(a))	23,668	19,057
– Investment income on short-term investments (Note 7)	(10,796)	(7,155)
– Remeasurement losses on consideration payable to non-controlling shareholders of a subsidiary (Note 7)	–	40,970
– Finance charges and foreign exchange gains, net	4,742	2,420
– Interest income (Note 10)	(51,354)	(46,681)
– Dividend income from an investee company (Note 7)	(8,152)	–
– Losses on disposal of financial assets at fair value through profit or loss (Note 7)	13,012	–
– Gains on disposal of an associate	(109)	–
– Gains on disposal of a subsidiary	–	(67,300)
– Transaction costs related to the issuance of convertible redeemable preferred shares from a subsidiary	–	10,840
– Others	1,081	970
Changes in working capital:		
– Increase in inventories	(20,314)	(29,154)
– Decrease/(Increase) in trade receivables	10,110	(62,984)
– Increase in prepayments and other receivables	(19,956)	(251,254)
– Increase in contract costs	(40,528)	(38,467)
– (Decrease)/Increase in trade and other payables	(9,324)	200,425
– Increase in contract liabilities	179,305	199,680
Cash generated from operations	798,973	490,929

30 CASH FLOW INFORMATION (CONTINUED)

(a) Cash generated from operations (Continued)

In the statement of cash flows, proceeds from disposal of property and equipment and intangible assets comprise:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Net book amount	**2,133**	378
Loss on disposals of property and equipment and intangible assets, net	**(155)**	(62)
Proceeds	**1,978**	316

(b) Non-cash investing and financing activities

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Purchase of property and equipment	**412**	10,174

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As of December 31,	
	2024	2023
Net debt	**RMB'000**	RMB'000
Borrowings	**102,890**	14,980
Lease liabilities	**51,831**	75,301
Net debt	**154,721**	90,281

30 CASH FLOW INFORMATION (CONTINUED)

(c) Net debt reconciliation (Continued)

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as of January 1, 2023	10,000	28,154	38,154
Cash flows	4,980	(24,075)	(19,095)
Disposal of a subsidiary	–	(10,289)	(10,289)
Acquisition – leases	–	80,297	80,297
Foreign exchange adjustments	–	(240)	(240)
Finance expense recognized	–	1,454	1,454
Net debt as of December 31, 2023	14,980	75,301	90,281
Cash flows	84,910	(35,772)	49,138
Business combination (Note 32(a))	3,000	–	3,000
Modifications to lease agreements	–	(5,026)	(5,026)
Acquisition – leases	–	13,983	13,983
Foreign exchange adjustments	–	107	107
Finance expense recognized	–	3,238	3,238
Net debt as of December 31, 2024	102,890	51,831	154,721

31 COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted as of December 31, 2024 but not yet incurred is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Construction in progress	**5,881**	–
Investment commitments	**–**	6,184
	5,881	6,184

32 BUSINESS COMBINATIONS

(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 became wholly-owned subsidiaries 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.

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
Total purchase consideration	**319,940**

(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 Aquiree, all outstanding options, vested or unvested, that were awarded under the Aquiree'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.

32 BUSINESS COMBINATIONS (CONTINUED)

(a) Summary of acquisition (Continued)

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)
Net identifiable assets acquired	6,267
Add: goodwill (Note (i))	313,673
	319,940

(i) Goodwill

The goodwill aforementioned is attributable to the strong position and synergy with the Photo, video and design business 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 consolidated financial information since the Acquisition Date contributed by the Aquiree was insignificant to the Group. The Group's revenue and results for the year ended December 31, 2024 would not be materially different if the acquisition had occurred on January 1, 2024.

32 BUSINESS COMBINATIONS (CONTINUED)

(b) Purchase consideration – cash outflow

	RMB'000
Cash consideration	160,761
Less: contingent consideration	(15,132)
Less: outstanding cash consideration	(12,981)
Less: cash and cash equivalents acquired	(10,441)
Net cash outflow – investing activities	122,207

33 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 year.

(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.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
(i) Sales of goods and services:		
An associate	**5,135**	2,074
Associates in form of preferred shares	**24,774**	181
Others	**167**	1
	30,076	2,256
(ii) Purchases of goods and services:		
Associates	**21,131**	5,216
Others	**847**	137
	21,978	5,353

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Year end balances with related parties

	As of December 31, 2024 RMB'000	2023 RMB'000
(i) Contract liabilities from:		
Associates in form of preferred shares	39	18
(ii) Trade payables to:		
An associate	2,595	284
(iii) Other payables to:		
Associates in form of preferred shares	–	26,091
(iv) Trade receivables from:		
Associates	2,814	2,780

Balances with other related parties were all unsecured and repayable on demand.

(c) Key management personnel compensations

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

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	15,100	13,369
Share based compensation expenses	11,292	25,165
Other social security costs, housing benefits and other employee benefits	137	148
Pension costs – defined contribution plan	37	91
	26,566	38,773

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

All of the directors have not received any emolument from the Group as an inducement to join the Group or compensation for loss of office during the year ended December 31, 2024 (2023: nil). The remuneration of each director for the year ended December 31, 2024 is set out as below:

Name	Fees	Salaries	Bonuses	Pension costs – defined contribution plan	Other social security costs, housing benefits and other employee benefits	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director							
Wu Zeyuan	333	1,947	1,923	13	67	6,004	10,287
Independent Non-executive Directors							
Zhou Hao	333	–	–	–	–	–	333
Lai Xiaoling	333	–	–	–	–	–	333
Kui Yingchun (Note (a))	144	–	–	–	–	–	144
Poon Philana Wai Yin (Note(b))	191	–	–	–	–	–	191
Non-executive Directors							–
Guo Yihong	–	–	–	–	–	–	–
Lee Kai-fu (Note (c))	–	–	–	–	–	–	–
Chen Jiarong	333	–	–	–	–	–	333
Hong Yupeng	333	–	–	–	–	–	333
	2,000	1,947	1,923	13	67	6,004	11,954

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of each director for the year ended December 31, 2023 is set out as below:

Name	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Pension costs – defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive Directors							
Cai Wensheng	941	–	–	69	5	9	1,024
Wu Zeyuan	1,307	752	1,480	11	64	6,787	10,401
Independent Non-executive Directors							
Zhou Hao	326	–	–	–	–	–	326
Lai Xiaoling	326	–	–	–	–	–	326
Kui Yingchun	326	–	–	–	–	–	326
Non-executive Directors							
Guo Yihong	–	–	–	–	–	–	–
Lee Kai-fu	163	–	–	–	8	–	171
Chen Jiarong	326	–	–	–	–	9	335
Hong Yupeng	190	–	–	–	7	–	197
	3,905	752	1,480	80	84	6,805	13,106

Notes:

(a) Retired on June 5, 2024.

(b) Appointed on June 5, 2024.

(c) Retired on June 5, 2024.

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) Directors' retirement benefits

During the year, no retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2023: nil).

(c) Directors' termination benefits

During the year, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: nil).

(d) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2023: nil).

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the year, there were no loans, quasi-loans or other dealings in favor of the directors, their controlled bodies corporate and connected entities (2023: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: nil).

35 CONTINGENCIES

The Group did not have any material contingent liabilities as of December 31, 2024 (2023: nil).

36 SUBSEQUENT EVENTS

A special dividend of HK$0.109 per share in cash out of the share premium account of the Company was proposed pursuant to a resolution passed by the Board on January 16, 2025 and approved by the shareholders of the Company at the extraordinary general meeting of the Company held on February 11, 2025. These financial statements do not reflect this dividend payable.

37 BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As of December 31, 2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**4,136,087**	3,833,080
Amount due from subsidiaries	**11,454**	649,336
Financial assets at fair value through other comprehensive income	**21,705**	26,280
Financial assets at fair value through profit or loss	**25,742**	21,390
	4,194,988	4,530,086
Current assets		
Amount due from subsidiaries	**522,894**	561,401
Prepayments and other receivables	**820**	7,376
Short-term investments	**–**	70,827
Short-term bank deposits	**6,966**	133,717
Cash and cash equivalents	**837,500**	72,577
	1,368,180	845,898
Total assets	**5,563,168**	5,375,984
EQUITY AND LIABILITIES		
Equity		
Share capital	**287**	283
Share premium	**7,104,304**	7,093,781
Reserves (Note 37(b))	**784,899**	625,838
Accumulated loss (Note 37(b))	**(2,328,028)**	(2,344,320)
Total equity	**5,561,462**	5,375,582
Liabilities		
Current liabilities		
Trade and other payables	**1,706**	402
Total liabilities	**1,706**	402
Total equity and liabilities	**5,563,168**	5,375,984

The balance sheet of the Company was approved by the Board of Directors on March 18, 2025 and was signed on its behalf.

Wu Zeyuan
Director

Hong Yupeng
Director

37 BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Reserves RMB'000	Accumulated losses RMB'000
As of January 1, 2024	**625,838**	**(2,344,320)**
Profit for the year	**–**	**16,292**
Value of employee services	**83,520**	**–**
Changes in fair value of financial assets at fair value through other comprehensive income	**(5,416)**	**–**
Currency translation differences (Note (i))	**80,957**	**–**
As of December 31, 2024	**784,899**	**(2,328,028)**
As of January 1, 2023	486,821	(2,261,980)
Loss for the year	–	(82,340)
Value of employee services	47,878	–
Currency translation differences (Note (i))	91,139	–
As of December 31, 2023	625,838	(2,344,320)

(i) Currency translation differences represent the difference arising from the translation of the financial statements of the Company, of which the functional currency is US$, into the financial statements of the Company presented in RMB.

38 SUBSIDIARIES

The following is a list of the principal subsidiaries as of December 31, 2024:

Name	Place of establishment and nature of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly/ indirectly held by the Group (%)
Meitu (China) Limited	Hong Kong/ Limited liability company	Investment holding, Hong Kong	HK$1	100%
Meitu Investment Ltd	The BVI/ Limited liability company	Investment holding, the BVI	US$1	100%
Xiamen Home Meitu Technology Co., Ltd.	The PRC/ Limited liability company	Provision of information technology services, the PRC	US$500,000,000	100%
Beijing Meitu Home Technology Co., Ltd.	The PRC/ Limited liability company	Provision of information technology services, the PRC	RMB10,000,000	100%
Xiamen Meitu Mobile Technology Co., Ltd.	The PRC/ Limited liability company	Smart hardware business, the PRC	RMB1,650,000,000	100%
Xiamen MeituEve Technology Co., Ltd.	The PRC/ Limited liability company	Smart hardware business, the PRC	US$8,000,000	100%
Xiamen Meitu Networks Technology Co., Ltd.	The PRC/ Limited liability company	Development and operation of apps, the PRC	RMB32,000,000	100%*
Pixocial Holdings Ltd	The Caymen Island/ Limited liability company	Provision of information technology services, the Caymen Island	US$50,000.00	100%
Pixocial Hong Kong Limited	Hong Kong/ Limited liability company	Provision of information technology services, Hong Kong	HK$1	100%

38 SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as of December 31, 2024: (Continued)

Name	Place of establishment and nature of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly/ indirectly held by the Group (%)
Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd.	The PRC/ Limited liability company	Advertising agency, the PRC	RMB100,000,100	100%*
Xiamen Ruisheng Tianhe Media and Technology Co., Ltd.	The PRC/ Limited liability company	Advertising agency, the PRC	RMB5,000,000	100%*
Meidd Technology (Shenzhen) Co., Ltd.	The PRC/ Limited liability company	Solutions for beauty industry, the PRC	RMB4,267,422	63.35%
Meishichengpin Supply Chain Management (Shenzhen) Co., Ltd.	The PRC/ Limited liability company	Solutions for beauty industry, the PRC	RMB1,000,000	63.35%
Zcool Network Technology Limited	The Caymen Island/ Limited liability company	ZCOOL Business, the Caymen Island	US$5,000	100%
Beijing Zcool Network Technology Co., Ltd.	The PRC/ Limited liability company	ZCOOL Business, the PRC	RMB10,000,000	100%

* These companies are the Group's consolidated structured entities

39 SUMMARY OF OTHER ACCOUNTING POLICIES

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combination by the Group.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost, while investments in associates in the form of ordinary shares with preferential rights or convertible redeemable preferred shares are accounted for as hybrid financial instruments and designated as financial assets measured at fair value through profit or loss.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation and equity accounting (Continued)

(iii) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 39(g).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation and equity accounting (Continued)

(v) Changes in ownership interests (Continued)

If the ownership interest in a joint venture or an associate in the form of ordinary shares is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized as "other gains, net" in the consolidated income statement.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is US$. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented on a net basis within "finance income, net" in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at fair value through other comprehensive income, are recognized in other comprehensive income.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

(e) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to consolidated income statement during the reporting period in which they are incurred.

Construction in progress represents buildings under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 39(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Other intangible assets

Other intangible assets mainly include brand name, computer software and copyrights. They are initially recognized and measured at costs incurred to acquire and bring them to use. Other intangible assets are amortized over their estimated useful lives, using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

(ii) Research and development expenditures

Research expenditure is recognized as an expense as incurred. Costs incurred in development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria include: (1) it is technically feasible to complete the software product so that it will be available for use; (2) management intends to complete the software product and use or sell it; (3) there is an ability to use or sell the software product; (4) it can be demonstrated how the software product will generate probable future economic benefits; (5) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (6) the expenditure attributable to the software product during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognized as expenses as incurred. There had been no development costs meeting these criteria and capitalized as intangible assets as of December 31, 2024 (2023: nil).

Development costs previously recognized as an expense are not recognized as an asset in subsequent periods. Capitalized development costs are amortized from the point at which the assets are ready for use on a straight-line basis over their useful lives.

(g) Impairment of non-financial assets

Goodwill, cryptocurrencies and other intangible assets that have an indefinite useful life 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 impairment tests for cryptocurrencies are carried out for Ethers and Bitcoins, separately. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The increased carrying amount of cryptocurrencies attributable to a reversal of an impairment loss, which is recognized in profit or loss, will not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cryptocurrencies in prior accounting periods.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs or groups of CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(h) Investment and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at financial assets at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(h) Investment and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- Financial assets at fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at financial assets at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net, and impairment expenses are presented as separate line item in the consolidated income statement.

- Financial assets at fair value through profit or loss: Assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at financial assets at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured a financial asset at fair value through profit or loss is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(h) Investment and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at financial assets at fair value through profit or loss are recognized in other gains/(losses), net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(i) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(j) Inventories

Inventories mainly consist of finished goods, raw materials and merchandise, which are primarily accounted for using the weighted average method and are stated at the lower of cost and net realizable value. Cost excludes borrowing costs. Costs of purchased raw materials and merchandise are determined after deducting rebates and discounts.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Impairment is made for excessive, slow moving, expired and obsolete inventories, so the Group continually estimated the net realizable value based on assumptions relating to the demand forecast for inventories, including potential product obsolescence, sales strategy, and marketability of inventories. The estimation may take into consideration of inventory aging, expiration date, expected demand, anticipated sales price, product obsolescence, and other factors. The impairment is equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(k) Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

(l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the considerations paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to the Company's equity holders.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(o) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings (Continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings 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.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

(p) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(p) Current and deferred income tax (Continued)

Deferred income tax

(i) Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

(ii) Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated balance sheet.

(ii) Pension obligations

The Group operates a mandatory provident fund scheme ("**MPF Scheme**") for the eligible employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee – administered funds. The Group's contributions to MPF Scheme are expensed as incurred.

The Group's subsidiaries operating in the PRC have to make contribution to staff retirement schemes managed by local government authorities in accordance with the relevant rules and regulations. The Group's contributions to the schemes are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local government authorities. The Group's contributions to these schemes are charged to the consolidated income statement as and when incurred and not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no legal or constructive obligations to pay further contributions.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(iv) Bonus plans

The expected cost of bonuses is recognized as a liability and an expense when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (Continued)

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(r) Share-based payments

(i) Equity-settled share-based payment transactions

The Group operates the Pre-IPO ESOP, Post-IPO Share Award Scheme, Post-IPO Share Option Scheme, share incentive to senior management of subsidiaries, which are equity-settled shared-based compensation plans under which share option and share awards are granted to employees as part of their remuneration package.

The fair value of the employee services received in exchange for the grant of the share option and the share-based awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share option and the share-based awards granted:

- including any market performance conditions;

- excluding the impact of any service and non-market performance vesting conditions; and

- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share-based awards that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

(ii) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments and shares to the employees and non-employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employees and non-employees services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(t) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Lease payments to be made under an extension option if the Group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(t) Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group entities that do not have recent third-party financing, and

- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,

- any lease payments made at or before the commencement date less any lease incentives received,

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(u) Interest income

Interest income from financial assets at fair value through profit or loss is included in "Other gains, net", see Note 7 above. Interest income on financial assets at amortized cost and financial assets at fair value through other comprehensive income calculated using the effective interest method is recognized in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 above.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

39 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

(x) Dividends distribution

Dividends distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Five Year Financial Summary

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	1,194,020	1,666,029	2,085,329	2,695,738	**3,340,761**
Gross profit	793,871	1,125,087	1,187,272	1,655,876	**2,294,211**
(Loss)/Profit for the year	(60,132)	(77,430)	18,891	366,418	**806,160**
Adjusted Net Profit	48,855	64,217	81,949	354,933	**588,521**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
				Restated	
Assets					
Non-current assets	1,597,574	2,214,791	2,548,508	2,998,390	**2,518,729**
current assets	2,909,586	2,532,523	2,455,840	2,768,796	**4,527,948**
Total assets	4,507,160	4,747,314	5,004,348	5,767,186	**7,046,677**
Equity and liabilities					
Equity attributable to owners of the Company	3,553,930	3,516,359	(3,441,407)	(3,069,118)	**(2,298,775)**
Total equity	3,567,835	3,515,802	3,709,514	4,113,700	**5,032,562**
Non-current liabilities	125,730	182,623	225,970	254,497	**193,851**
Current liabilities	813,595	1,048,889	1,068,864	1,398,989	**1,820,264**
Total liabilities	939,325	1,231,512	1,294,834	1,653,486	**2,014,115**
Total equity and liabilities	4,507,160	4,747,314	5,004,348	5,767,186	**7,046,677**

Definitions

“2016 Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Meitu Home, Meitu Networks and its then nominee shareholders, Ms. Cai and Mr. Wu, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“2021 Contractual Arrangements”	the series of contractual arrangements entered into between Mr. Wu, Xiamen Hongtian, Meitu Home and Meitu Networks (as applicable), details of which are described in the announcement of the Company dated March 17, 2021
“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 year, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation; (ii) fair value gain/(losses) on long-term investments, net of tax; (iii) gains on disposal of long-term investments, net of tax; (iv) net effect of goodwill impairment and remeasurement gain on consideration to non-controlling shareholders of a subsidiary; and (v) amortization of intangible assets and other expenses related to acquisition, net of tax
“AGM”	the annual general meeting of the Company to be held on June 5, 2025
“AI”	artificial intelligence
“Articles” or “Articles of Association”	the third amended and restated articles of association of the Company adopted at a general meeting held on June 5, 2024, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Board of Directors” or “Board”	our board of Directors
“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

Definitions

"Company", "our Company", "the Company", "Meitu", "our", "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 carrying 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
"Companies Act"	the Companies Act, Cap. 22 of the Cayman Islands, as amended from time to time
"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 Old Contractual Arrangements as superseded and replaced by the Existing Contractual Arrangements, details of which are described in the section headed "Report of the Directors – Contractual Arrangements" in this annual report
"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 IPO, as more particularly set out in the announcement of the Company published on March 7, 2021
"Director(s)"	the director(s) of our Company
"Eligible Vehicle(s)"	any trust, partnership, company, incorporated body or other form of legal entity of which or in which any Employee Participant, Related Entity Participant, Service Provider being individuals and/or any of his/her Family Member(s) is/are the sole beneficiary(ies) or holds all the beneficial interests
"Employee Participant(s)"	any director (including executive directors, non-executive directors and independent non-executive directors) or employee (whether full-time or part-time employee) of the Company or any of its subsidiaries (including persons who are granted awards under the 2024 Share Award Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category
"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 HK"	EveLab Insight Hong Kong Limited, a limited liability company incorporated in Hong Kong on June 26, 2020, and a subsidiary of the Company
"EveLab Insight (US)"	EveLab Insight USA Ltd., formerly known as Meitu Technology, Inc., MagicV, Inc., or MIXVID, Inc., a limited liability company incorporated under the laws of the State of Delaware, on August 29, 2014, and a subsidiary of the Company

Definitions

"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
"Existing Contractual Arrangements"	the existing series of contractual arrangements entered into between Mr. Wu Zehuai, Xiamen Hongtian, Meitu Home and Meitu Networks (as applicable), details of which are described in the section headed "Report of the Directors – Contractual Arrangements" in this annual report
"Family Member(s)"	in relation to an individual, any of the following persons: (a) his/her spouse, his/her (or his/her spouse's) child or step-child, natural or adopted; (b) a person cohabiting with him/her as a spouse, or his/her parent, step-parent, brother, step-brother, sister or step-sister; or (c) father in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, uncle, aunt, cousin, nephew or niece provided that the Board shall have absolute discretion to determine whether a person falls within any of the above categories
"Former Zcool Founders"	collectively, Mr. Lu Wei (蘆偉) 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 (蘆偉) and Ms. Tian Caixia (田彩霞) respectively
"Grantee(s)"	the recipients of the share awards who are eligible persons of the Group pursuant to the 2024 Share Award Scheme
"Group", "our Group", or "the Group"	the Company and together with its subsidiaries and consolidated affiliates, and the expression "member(s) of the Group" shall be construed accordingly
"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

Definitions

"IFRSs"	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
"IPO"	the initial public offering of the Company on December 15, 2016
"IVAS"	Internet value-added services
"Key Employee Grantee(s)"	Grantee(s) who are employees of the Group holding key positions within the Group as determined by the Board and not being Director(s) or chief executive(s) of the Company
"Latest Practicable Date"	April 16, 2025, being the latest practicable date prior to the bulk printing and publication of this annual report
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	December 15, 2016, the date on which the Shares were listed on the Stock Exchange
"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 interested in approximately 13.95% 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 the 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 BVI business company incorporated under the laws of the BVI on January 30, 2015, and a subsidiary of the Company
"Meitu Mobile"	Xiamen Meitu Mobile Technology Co., Ltd. (廈門美圖移動科技有限公司), a company established in the PRC on March 1, 2013 and a subsidiary of the Company

Definitions

"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 Zehuai and Xiamen Hongtian as 51% and 49% respectively as at December 31, 2024, and by virtue of the Existing Contractual Arrangements, accounted for as our subsidiary
"Meitu Trust"	Beautiful Space Ltd., a limited liability company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which are beneficially owned by the Company through a professional trustee
"MeituEve Contractual Arrangements"	the series of contractual arrangements entered into between MeituEve Technology, MeituEve Networks and Xiamen Hongtian, details of which are described in the section headed "Report of the Directors – MeituEve Contractual Arrangements" in this annual report
"MeituEve Networks"	Xiamen MeituEve Networks Services Co., Ltd.* (廈門美圖宜膚網絡服務有限公司), a limited liability company established in the PRC on May 19, 2021, wholly- owned by Xiamen Hongtian as at December 31, 2024 and as at the Latest Practicable Date, and by virtue of the MeituEve Contractual Arrangements, accounted for as our subsidiary
"MeituEve PRC Operating Entities"	MeituEve 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 MeituEve Contractual Arrangements
"MeituEve Technology"	Xiamen MeituEve Technology Co., Ltd.* (廈門美圖宜膚科技有限公司), a limited liability company established in the PRC on May 19, 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 (蔡文胜), a substantial shareholder of the Company
"Mr. Chen"	Mr. CHEN Jiarong (陳家荣), our non-executive Director
"Mr. Ngan"	Mr. NGAN King Leung Gary, our Chief Financial Officer, our company secretary and an authorized representative
"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

Definitions

"Ms. Cai"	Ms. CAI Shuting, the daughter of Mr. Cai and Ms. Wang Baoshan, the spouse of Mr. Cai
"Ms. Chen"	Ms. CHEN Cuie, 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
"NASDAQ"	the National Association of Securities Dealers Automated Quotations
"Nomination Committee"	the nomination committee of the Company
"NYSE"	the New York Stock Exchange
"Old Contractual Arrangements"	the 2016 Contractual Arrangements and the 2021 Contractual Arrangements
"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
"Pixocial Singapore"	Pixocial Labs Pte. Ltd. (formerly known as Pixocial Technology (Singapore) Pte. Ltd. and Meitu Technology (Singapore) Pte. Ltd.), a company incorporated in Singapore with limited liability on April 22, 2016, and a subsidiary of the Company
"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 Existing 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
"Related Entity"	the holding companies, fellow subsidiaries or associated companies of the Company
"Related Entity Participant(s)"	any director and/or employee of the Related Entity, provided that the Board shall have absolute discretion to determine whether one falls within such category
"Remuneration Committee"	the remuneration committee of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC

Definitions

"Service Provider(s)"	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, the grant of award Shares to whom is in the interests of the long-term growth of the Group or which will contribute to the growth of the Group's financial or business performance as determined by the Board, namely: (i) any person (including any entity) providing consultancy, advisory, business (including but not limited to business development, design, sales, marketing, advertising, financial, algorithmic, research and development, engineering, technical, product commercialization, innovation, strategic planning, IT and coding products and/or services etc.), investor relation, investment and/or management related products and/or services to the Group in connection with the Group's business; and (ii) any person (including any entity) providing services in the nature similar as those provided by an employee but as an independent contractor or on a self-employment basis for specific projects for the Group but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries; and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity
"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 our Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Share Premium Account"	the share premium account of the Company
"Smart Hardware Business"	the smart hardware business of the Group, involving the production of, among other things, AI skin analysis SaaS under the brand of EveLab Insight (and MeituEve (美圖宜膚) in the PRC), MeituKey (a contact skin analyser), MeituSpa (an AI cleansing brush) and Meitu Genius (an AI smart mirror)
"Starii (US)"	Starii LLC, formerly known as Pixocial Technology (US), LLC, Meitu Technology (US), LLC or Commsource, LLC, a limited liability company incorporated under the laws of the State of California, on April 1, 2015, and a subsidiary of the Company

Definitions

"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 Zehuai as to 99% and Ms. Chen as to 1%
"Xinhong Capital"	Xinhong Capital Limited, a company incorporated under the laws of the 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 interested in approximately 12.50% of the issued share capital of our Company as at the Latest Practicable Date
"YoY"	year-on-year
"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 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*