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Meitu, Inc.

美图公司

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

(Stock code: 1357)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF APPROXIMATELY 57.09% EFFECTIVE EQUITY INTEREST
IN DAJIE NET INVESTMENT HOLDINGS LTD.
AND
ESTABLISHMENT OF VIE AGREEMENTS**

Reference is made to the announcement of Meitu, Inc. (the “**Company**”) dated August 28, 2019 (the “**Announcement**”) in relation to the acquisition of approximately 57.09% effective equity interest in Dajie Net and the establishment of the VIE Agreements. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise.

Below contains supplemental information in relation to the Announcement.

BASIS OF CONSIDERATION FOR THE ACQUISITIONS

The Company identified Liepin and 51Job as comparable companies, because both of them are listed companies (their financial information and values are publicly available) and primarily engage in a business model that is similar to that of the Target Group, namely the business of providing online recruitment services in the PRC by connecting job seekers with job opportunities and generating a majority of revenues by charging employers and recruitment agencies fees for talent acquisition services. These are the two comparable companies that are listed and primarily operate in the PRC.

THE VIE AGREEMENTS

The shareholding structure of the Target Group after Completion was the result of commercial negotiation among the parties to the Transaction Framework Agreement.

Since Dajie Net and Dajie HK have been newly established, they currently have no substantive operations and are therefore unable to build up sufficient experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirements**”) within a short timeframe. An enquiry was made with the Beijing Communications Administration (北京市通信管理局) and it was concluded that there was a lack of clear guidance on the scope of the Qualification Requirements.

Accordingly, direct ownership by the Company of the maximum permitted interest under PRC law in the Onshore Target Company was neither commercially agreed nor advisable from a regulatory perspective.

ACCOUNTING TREATMENT

The Company has confirmed with the Company's auditors on the accounting treatment conditional upon the completion of the Acquisitions and the execution of the VIE Agreements.

RELATIONSHIPS AMONG CERTAIN PARTIES

As noted in the Announcement, Hill Ville Limited will remain as the holder of a 6.1% interest in Dajie Net immediately after Completion. The ultimate beneficial owner of Hill Ville Limited is Mr. Zhang Li ("**Mr. Zhang**"), a professional investor and acquaintance of Ms. Cai Shuting ("**Ms. Cai**"), the daughter of Mr. Cai. Mr. Zhang is an independent third party and is neither an Onshore Vendor nor an Offshore Vendor. The shares held in Dajie Net by Mr. Zhang through Hill Ville Limited correspond to the aggregate 6.1% interest in the Onshore Target Company owned beneficially by Mr. Zhang, which was acquired by Mr. Zhang in March 2018 from Ms. Cai and Milin Longling Investment Co., Ltd. ("**Milin**"), but continued to be held by Ms. Cai and Milin as nominees for Mr. Zhang due to foreign investment law considerations. By virtue of the VIE Agreements, the economic benefits of the 6.1% interest in the Onshore Target Company will be transferred to Dajie Net, in which Mr. Zhang holds an indirect 6.1% interest as noted above.

As Ms. Cai and Milin are only holding the 6.1% interest in the Onshore Target Company and any rights attached to those shares as nominees for Mr. Zhang, they are required to exercise any rights with respect to those shares in accordance with the instructions of Mr. Zhang, and will hold any benefit arising from those shares for the benefit of Mr. Zhang. Accordingly, the Company is of the view that the transactions contemplated by the VIE Agreements do not constitute connected transactions for the Company for the purposes of the Listing Rules, and therefore also wishes to clarify that the Company does not need to rely on the Waiver Conditions when it enters into the VIE Agreements. The Company also understands that Ms. Cai and Milin entered into the Transaction Framework Agreement on the express instructions of Mr. Zhang, and will enter into the other Transaction Documents (including the VIE Agreements) upon Mr. Zhang's instruction, direction and authorisation. Therefore, the Company is not aware of any circumstances that could call into question the validity or enforceability of the VIE Agreements when entered into.

Furthermore, certain of the Offshore Vendors, namely (i) Fine Talent Holdings Limited, (ii) SBCVC FUND IV. L.P., and (iii) Bright Tranquil Global Limited, have the same ultimate beneficial/controlling owners as, or are otherwise affiliated with, certain Onshore Exiting Nominees, namely (i) Beijing Minwen Investment Co., Ltd., (ii) Hangzhou Softbank Longyue Venture Capital Partnership (Limited Partnership), and (iii) Chengxuan, and Wenkang, respectively. In addition, Horgos Fengmao Equity Investment Management Partnership (Limited Partnership), which was designated by Northern Light Venture Capital III, Ltd. to hold its equity interest in the Onshore Target Company, is owned and/or controlled by the senior team of Northern Light Venture Capital III, Ltd.. Mr. Ding Guibin, an independent third party and the ultimate beneficial owner of Campus Staffing Limited, one of the Offshore Vendors, is also the ultimate beneficial owner of Rapid Recruitment Limited, which will remain as a 7.28% shareholder of Dajie Net immediately after Completion.

Save as disclosed in the Announcement and save for the foregoing, to the best of the Company's knowledge, there are no other relationships among the parties to the Acquisitions with respect to the Transactions or the Target Group.

By order of the Board
Meitu, Inc.
Cai Wensheng
Chairman

Hong Kong, October 28, 2019

As at the date of this announcement, the executive directors of the Company are Mr. Cai Wensheng and Mr. Wu Zeyuan (also known as Mr. Wu Xinhong); the non-executive directors of the Company are Dr. Guo Yihong and Dr. Lee Kai-fu; the independent non-executive directors of the Company are Mr. Zhou Hao, Mr. Lai Xiaoling and Mr. Zhang Ming (also known as Mr. Wen Chu).