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meitu

Meitu, Inc.

美图公司

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

(Stock Code: 1357)

SHARE TRANSACTION FURTHER ACQUISITION OF APPROXIMATELY 20.67% EQUITY INTEREST IN MEIDD TECHNOLOGY

Reference is made to the announcement of the Company dated April 9, 2021, pursuant to which Meitu Networks (a member of the Group) had acquired approximately 9.57% equity interest in Meidd Technology. Capitalised terms used herein shall have the same meanings as those defined in such announcement unless defined otherwise.

THE FURTHER ACQUISITION

On December 17, 2021 (after trading hours), Meitu Networks, the Sellers and Meidd Technology entered into the Sale and Purchase Agreement, pursuant to which Meitu Networks has agreed to purchase, and the Sellers have agreed to sell, approximately 20.67% equity interest in Meidd Technology at an aggregate Consideration of approximately RMB79,741,920 (equivalent to approximately HK\$97,782,857). The Consideration shall be satisfied (i) as to HK\$48,891,428 (equivalent to approximately RMB39,870,960) by the allotment and issue of 29,452,667 Consideration Shares and (ii) as to RMB39,870,960 in cash.

As at the date of this announcement, Meitu Networks is interested in approximately 42.68% of the equity interest in Meidd Technology.

Details of the Sale and Purchase Agreement are set out below:

Date:

December 17, 2021

Parties:

- (1) Meitu Networks, as purchaser;
- (2) the Sellers, as vendors; and
- (3) Meidd Technology, as subject company.

Subject Matter of the Sale and Purchase:

Approximately 20.67% equity interest in Meidd Technology.

Consideration and Payment:

The aggregate Consideration of RMB79,741,920 (equivalent to approximately HK\$97,782,857), comprise HK\$48,891,428 (equivalent to approximately RMB39,870,960) to be satisfied by the allotment and issue of 29,452,667 Consideration Shares at the issue price of HK\$1.66 per Share, credited as fully paid, and RMB39,870,960 to be satisfied in cash, and settled in the following manner:

- (A) RMB11,961,288, representing 30% of the cash component of the Consideration, shall be paid by Meitu Networks to the Sellers as deposit within 10 business days from the date of the Sale and Purchase Agreement;
- (B) RMB27,909,672, representing the remaining 70% of the cash component of the Consideration, shall be paid by Meitu Networks to the Sellers within 10 business days after Completion; and
- (C) the Consideration Shares shall be allotted and issued to the Sellers within 10 business days after Completion.

Within 10 business days after the signing of the Sale and Purchase Agreement, the Sellers shall cooperate with Meidd Technology to transfer the approximately 20.67% equity interest of Meidd Technology to Meitu Networks and register such transfer with the relevant PRC authority.

The table below sets forth the amount of registered capital and the equity interest in Meidd Technology each Seller has conditionally agreed to sell, the number of Consideration Shares the Company has conditionally agreed to allot and issue to each Seller, and the cash amount that the Company has conditionally agreed to pay to each Seller:

Seller	Amount of registered capital (RMB)	Approximate percentage equity interest holding in Meidd Technology	Number of Consideration Shares	Cash consideration (RMB)
Mr. Wen	384,068	9.00%	13,592,075	18,400,000
Mr. Huang	51,209	1.20%	1,631,049	2,208,000
Mr. Tan	318,734	7.47%	10,151,921	13,742,960
Mr. Yang	128,023	3.00%	4,077,622	5,520,000
TOTAL	882,034	20.67%	29,452,667	39,870,960

The issue price of HK\$1.66 per Consideration Share was determined based on the average closing price of HK\$1.66 per Share as quoted on the Stock Exchange for the last 30 days immediately before the signing of the Sale and Purchase Agreement, which represents: (a) a premium of approximately 1.22% to the closing price of HK\$1.64 per Share as quoted on the Stock Exchange on December 17, 2021, being the date of the Sale and Purchase Agreement; and (b) a premium of approximately 0.97% to the average closing price of HK\$1.644 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Consideration Shares will, upon issue, represent (i) approximately 0.68% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, subject to Completion and assuming that there will be no change in the issued share capital of the Company from the date of this announcement to the completion of such issue save for the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and no Shareholders' approval is required for such allotment and issue. The Consideration Shares shall, on the date of allotment and issue, rank *pari passu* in all respects with the Shares in issue. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Company adopted an effective valuation of Meidd Technology of approximately RMB368 million for the Sale and Purchase (the “**Valuation**”), which does not include a modest premium of approximately 11.11% paid to Mr. Wen for the acquisition of his 9.00% equity interest in Meidd Technology. Such premium represents a ‘*control premium*’ the Group is willing to pay to acquire a controlling stake in Meidd Technology.

The Consideration was determined based on arm's length negotiations between Meitu Networks and the Sellers, taking into account, *inter alia*, (a) the Company's assessment on the prospects of software-as-a-service (“**SaaS**”) for the beauty industry in the PRC and the business development and growth of Meidd Technology's SaaS business in the PRC, and (b) the benefits as described under the paragraph headed “Reasons for and benefits of entering into the Sale and Purchase Agreement” in this announcement.

As Meidd Technology is not currently profitable, after arm's length negotiations between Meitu Networks and the Sellers, the following were taken into account when determining the Valuation:

- Meidd Technology is an integrated mobile platform that provides merchant service and SaaS products to retail stores selling personal care and beauty products primarily located in lower-tier cities in the PRC. It started to expand into the beauty product supply chain business in early 2020 by leveraging its massive store network and big data consumer insights to distribute beauty-related products to retailers across its network. Since then, Meidd Technology has accelerated its growth as evidenced by its revenue increasing (i) by approximately 216% in the second half of 2020 compared to the first half of 2020 and (ii) by approximately 73.5% in the first half of 2021 compared to the second half of 2020, due to effective strategic transformation and significant business development. This has, in turn, resulted in an increase in the valuation of Meidd Technology since the Group last acquired its equity interest in April 2021;

- The Company also identified several software companies that focus on retail or supply chain management such as SPS Commerce, Inc. (NASDAQ: SPSC), Upland Software, Inc. (NASDAQ: UPLD), China Youzan Limited (HKEX: 8083) and Weimob Inc. (HKEX: 2013) as comparable companies (the “**Comparable Companies**”) on a non-exhaustive basis, because they are all listed companies with publicly available financial information and primarily engage in a business model that is similar to that of Meidd Technology, namely, the business of providing cloud-based software product and commercial services. As the number of public companies that provide similar services with the same regional coverage are limited, the Company selected the Comparable Companies that have operations globally; and
- As Meidd Technology is not currently making a profit, a price-to-sales ratio was also taken into account when determining the Valuation. Based on Meidd Technology’s financial results for year 2020, the implied price-to-sales ratios for the Sale and Purchase was approximately 6.77 times, compared to the Comparable Companies’ range of between approximately 4.8 times and 17.4 times calculated with reference to the market prices of the Comparable Companies as at December 31, 2020. Based on Meidd Technology’s financial results for six months ended June 30, 2021, the implied price-to-sales ratios for the Sale and Purchase was approximately 2.57 times, compared to the Comparable Companies’ range of between approximately 4.2 times and 13.0 times calculated with reference to the market prices of the Comparable Companies as at June 30, 2021. The Directors believe that the discount in the Valuation relative to the Comparable Companies is justified as Meidd Technology is unlisted and its scale is significantly smaller than the Comparable Companies.

Having considered the above, the Directors believe that the Consideration is fair and reasonable. The Directors are of the view that the terms of the Sale and Purchase are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Conditions Precedent

The obligations of Meitu Networks to consummate the Sale and Purchase shall be conditional upon the fulfillment (or waiver by Meitu Networks, except for the requirement to obtain listing approval from the Stock Exchange in relation to the issue of the Consideration Shares which could not be waived) of each of the following conditions precedent:

- (a) all Sellers having completed the registration of the transfer of their respective equity interest in Meidd Technology with the relevant PRC authority in relation to the Sale and Purchase in accordance with the Sale and Purchase Agreement;
- (b) all necessary consents, approvals, notices, filings or registrations (including but not limited to the listing approval from the Stock Exchange for the issuance of the Consideration Shares) (i) pursuant to any relevant law or requirements of any governmental authority or any regulatory body (including but not limited to the Stock Exchange or the SFC), (ii) pursuant to any contract binding on Meitu Networks or the Sellers, (iii) pursuant to the provisions of any contract applicable to or limited to Meitu Networks or the Sellers or their respective assets, the execution, delivery or performance by Meitu Networks and the Sellers of the Sale and Purchase Agreement and its other agreements with Meitu Networks, or (iv) required to complete the transactions contemplated under the Sale and Purchase Agreement and such other agreements, having been obtained or made from any governmental authority or regulatory body or any other person;

- (c) there having been no law, regulation, judgment, award, ruling or injunction of a court or relevant governmental authority that restricts, prohibits or cancels the Sale and Purchase, nor any pending or potential litigation, arbitration, judgment, award, ruling or injunction that has or will adversely affect Meitu Networks, the Meidd Shareholders or the Sale and Purchase;
- (d) the Sale and Purchase Agreement and its attachments (including but not limited to the Amended and Restated Shareholders' Agreement and the articles of association of Meidd Technology) and all other transaction documents required to complete the Sale and Purchase having been duly executed and delivered by Meitu Networks and the Meidd Shareholders;
- (e) all consents and approvals (if any) required for the execution, delivery or performance of the Sale and Purchase Agreement (including the attachments thereto) and the completion of the transactions set out in the Sale and Purchase Agreement by Meitu Networks and the Meidd Shareholders, including but not limited to (i) the relevant resolutions legally and validly passed by the Meidd Shareholders and the board of directors of Meidd Technology to approve the Sale and Purchase Agreement, the Sale and Purchase and all other transactions under the Sale and Purchase Agreement, (ii) approvals, filings or registrations by governmental authorities (if required), and (iii) consents or waivers from third party corporations, entities or individuals (if required), having been obtained and shall remain in full force and effect;
- (f) from and including the date of signing the Sale and Purchase Agreement to the date of Completion, the representations and warranties made by the Meidd Shareholders and Meitu Networks in the Sale and Purchase Agreement having remained fully true, complete and accurate. Meidd Shareholders and Meitu Networks having performed those undertakings on or before the date of Completion as set out in the Sale and Purchase Agreement and there having been no breach of any of the acts to which they are bound by in the Sale and Purchase Agreement;
- (g) Meidd Technology and its shareholders having performed and complied with all agreements, obligations and conditions under the Sale and Purchase Agreement on or before the date of Completion;
- (h) from and including the date of signing the Sale and Purchase Agreement to the date of Completion, there having been or occurred no events, facts, conditions, changes or other circumstances that have had, or may have as reasonably foreseeable, a material adverse effect on the assets, liabilities, profitability, prospects and normal operations of Meidd Technology;
- (i) from and including the date of signing the Sale and Purchase Agreement to the date of Completion, there having been no changes in the shareholders' shareholding structure, asset structure and status of Meidd Technology that is materially adverse to Meidd Technology;
- (j) all Meidd Shareholders having duly approved the Sale and Purchase Agreement, the Sale and Purchase and all other transactions under the Sale and Purchase Agreement and the resolutions consenting to the election of additional directors appointed by Meitu Networks and other related changes in directorship, and having duly signed the undertakings purporting to state their consent to the Sale and Purchase and to waive, among other things, their rights of first refusal for and tag-along rights to the transfer of equity interests in Meidd Technology;

- (k) Meidd Technology having signed employment contracts (which contained restrictions to the Meidd Founding Shareholders that they shall not voluntarily resign from Meidd Technology (including its affiliates) and/or terminate any consultancy arrangement or relationship with Meidd Technology at any time during the period from the date of Completion to December 31, 2024 without the prior written consent of Meitu Networks), intellectual property protection and confidentiality agreements, non-compete agreements or similar agreements approved by Meitu Networks with all of the Meidd Founding Shareholders, in form and substance satisfactory to Meitu Networks; and
- (l) Meidd Technology having provided Meitu Networks with a written confirmation signed by its legal representative confirming that each of the above conditions (except those conditions that should be satisfied by actions taken by Meitu Networks) has been satisfied, in form and substance approved by Meitu Networks.

Completion

Completion shall take place when each of the above conditions precedent has been fulfilled (or waived by Meitu Networks, except for the requirement to obtain listing approval from the Stock Exchange in relation to the issue of the Consideration Shares which could not be waived).

Without prejudice to any claims for damages, indemnities or other remedies that the parties may have under the Sale and Purchase Agreement, in the event if Completion does not occur within 90 days from the date of the Sale and Purchase Agreement, Meitu Networks may terminate the Sale and Purchase Agreement.

In the event the Sale and Purchase Agreement is terminated, all the parties thereto shall be obligated to cooperate in good faith to forthwith unwind the transfer of the equity interest in Meidd Technology in relation to the Sale and Purchase, refund the cash deposit paid by Meitu Networks, and place all parties in the same respective positions as they would be in immediately prior to the signing of the Sale and Purchase Agreement.

After Completion and the allotment and issue of the Consideration Shares, Meidd Technology will become a subsidiary of the Group and Meitu Networks will be interested in approximately 63.35% equity interest in Meidd Technology.

Other Agreed Matters

Subsequent repurchase option of Meidd Technology

After the registration of the transfer of the equity interest in Meidd Technology in relation to the Sale and Purchase with the relevant PRC authority and Completion, at any time during the period from the date of Completion to December 31, 2024, if the audited net profit (that is net profit after tax net of non-recurring gains and losses) of Meidd Technology for the latest calendar year (including year 2024) is not less than RMB50 million, Meidd Technology shall have the right to repurchase from Meitu Networks up to 12% of its equity interests in Meidd Technology based on the valuation of Meidd Technology that is 12 times its audited net profit for such year (the “**Meidd Technology Repurchase Option**”). Once the aforementioned exercise condition is met, the Meidd Technology Repurchase Option shall be exercisable on or before December 31, 2025, after which the Meidd Technology Repurchase Option will automatically lapse.

Notwithstanding anything to the contrary contained in the Sale and Purchase Agreement, if any exercise of the Meidd Technology Repurchase Option by Meidd Technology would constitute a “transaction” of the Company under the Listing Rules and such transaction would require the Company to obtain Shareholders’ approval and/or other regulatory approval under the Listing Rules or other laws, regulations, rules or regulatory documents applicable to the Company (collectively, the “**Applicable Securities Laws**”), Meidd Technology (including any of its shareholders) shall not be entitled to exercise the Meidd Technology Repurchase Option until the Company has properly obtained Shareholders’ approval and/or other regulatory approval as required under the Listing Rules or other Applicable Securities Laws.

Share Awards for the Meidd Founding Shareholders

After the registration of transfer of the equity interest in Meidd Technology in relation to the Sale and Purchase with the relevant PRC authority and Completion, (i) at any time during the period from the date of Completion to December 31, 2024, if Meidd Technology has an audited net profit for the latest year (including the year 2024) of not less than RMB50 million and/or (ii) at any time during the period from the date of Completion to December 31, 2025, if Meidd Technology successfully consummates an initial public offering of its shares on an internationally renowned stock exchange (including a PRC stock exchange but excluding the National Equities Exchange and Quotations), the Company shall grant share awards of the Company pursuant to the Share Award Scheme (the “**Share Awards**”) to the Meidd Founding Shareholders on a pro rata basis as incentive, with the number of Share Awards calculated as follows:

The valuation of Meidd Technology calculated based on 12 times the audited net profit of Meidd Technology for the latest year, minus RMB368 million, multiplied by 10% and the central parity of the Hong Kong dollar to Renminbi exchange rate (as published on the website of the Bank of China) on the 1st day of the month of grant converted to a Hong Kong dollar amount, where such converted Hong Kong dollar amount shall then be divided by (i) the closing share price of the Company as quoted on the Stock Exchange on the date of grant of the Share Awards or (ii) the average closing share price of the Company for the 5 trading days immediately preceding the date of grant of the Share Awards, whichever is higher.

Notwithstanding anything to the contrary contained in the Sale and Purchase Agreement, if any grant of Share Awards to the Meidd Founding Shareholders pursuant to the Sale and Purchase Agreement would require the Company to obtain Shareholders’ approval and/or other regulatory approval under the Listing Rules or other Applicable Securities Laws, the Company and/or Meitu Networks shall not be required to grant the Share Awards to the Meidd Founding Shareholders until the Company has properly obtained Shareholders’ approval and/or other regulatory approval as required under the Listing Rules or other Applicable Securities Laws.

THE AMENDED AND RESTATED SHAREHOLDERS’ AGREEMENT

On or before Completion, the Meidd Shareholders and Meidd Technology shall enter into the Amended and Restated Shareholders’ Agreement. The Amended and Restated Shareholders’ Agreement will contain various customary rights for the protection of the Meidd Shareholders. The principal rights of the Meidd Shareholders under the Amended and Restated Shareholders’ Agreement are set out below:

Anti-dilution

If Meidd Technology receives any new investment in its capital or if certain existing Meidd Shareholders transfer their equity interests in Meidd Technology and the subscription price for the new investment or transfer price of the share transfer (as the case may be) is lower than the price at which Meitu Networks subscribed for its equity interests in Meidd Technology (the “**Meitu Subscription Price**”), Meitu Networks shall be compensated for the difference between the Meitu Subscription Price and the subscription price of the new investment or transfer price of the share transfer (as the case may be) in accordance with the Amended and Restated Shareholders’ Agreement. The compensation shall be in the form of new shares issued by Meidd Technology for nil consideration or cash, in each case equivalent to the difference in value.

Board of Directors

Meidd Technology shall have a board of directors consisting of five directors, three of whom shall be nominated by Meitu Networks and two of whom shall be nominated by Mr. Wen.

Rights of First Refusal

If any Meidd Shareholder proposes to sell or dispose of any equity interest in Meidd Technology to any third party (the “**Offered Equity**”), then all other Meidd Shareholders (other than the Meidd Founding Shareholders) shall have a right of first refusal to purchase the Offered Equity in accordance with the Amended and Restated Shareholders’ Agreement. If Meidd Technology proposes to issue equity interests to any third party, the Meidd Shareholders (other than the Meidd Founding Shareholders) shall have a right of first refusal to subscribe for their pro rata share of such equity interests.

Co-sale Right

A Meidd Shareholder (other than the Meidd Founding Shareholders) shall have the right, but not the obligation, to participate in the sale of the any equity interest in Meidd Technology to a third party by another Meidd Shareholder (the “**Selling Shareholder**”) for the same price and on the same terms as those offered by the Selling Shareholder.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

Meidd Technology is principally engaged in the provision of merchant service and SaaS products to a large network of skincare and cosmetics stores in the PRC. Meidd Technology was founded in 2014 and has been focused on providing enterprise software and payment services to beauty stores in lower-tier cities in the PRC. By the end of the third quarter of 2021, Meidd Technology connected over 11,500 beauty stores through cloud-based enterprise management system. Meidd Technology also started to provide supply chain services in 2020, a business model where Meidd Technology identifies the market trends from store consumption analysis, then distributes skincare products from both mainstream brands and private labels by consolidating all the order flows of its store network. Meidd Technology not only benefits from bulk purchases, but will also grow its precision distribution ability to sell high-margin niche products through its channels.

Based on its SaaS services, Meidd Technology owns a network of over 10,000 cosmetic stores that would benefit the expansion of the Group's image SaaS business in terms of design demands in work scenarios. In the future, the Group can also bundle some of the functions of its VIP subscription business with Meidd Technology's enterprise resource planning (“ERP”) SaaS system and sell them to cosmetic stores to achieve better synergistic effect.

Combined with the beauty-loving characteristics of the Group's users, there is a high degree of overlap between the Group's users and the customers in the beauty domain. After Meidd Technology becomes a member of the Group, the Group can further leverage on the VIP customer resources of Meidd Technology's ERP SaaS system to expand the Group's VIP subscription business, thereby developing an image SaaS business targeting beauty and beautification demands in everyday life scenarios.

MeituEve, an artificial intelligence SaaS skin analysis brand incubated by the Group, will also be able to leverage on the extensive store network owned by Meidd Technology to broaden sales channels. At the same time, the skin analysis technology can further be functionally bundled up with Meidd Technology's store management system in the future, thereby enabling cosmetic stores to optimise their ‘cosmetic stores in the frontend and beauty salons in the backend’ business model, which would in turn help to expand the SaaS skin analysis business of the Group.

As such, Meidd Technology's user analytics and connection with offline stores can provide helpful consumer insights to the Group's cosmetic-related businesses.

For the reasons mentioned above, the Group is optimistic on Meidd Technology's future growth prospects and believes that its business aligns well with the Group's vision to “*empower the beauty industry and make beauty more accessible to our users*”.

INFORMATION ABOUT THE PARTIES

The Group (including Meitu Networks) is principally engaged in (i) the provision of online advertising and other Internet value-added services by offering a portfolio of innovative photo and community apps that enjoys popularity in the PRC and overseas and (ii) the smart hardware business involving the production of, among other things, *MeituEve* (a commercial artificial intelligence skin analyser), *MeituKey* (a contact skin analyser), *MeituSpa* (an artificial intelligence cleansing brush) and *Meitu Genius* (an artificial intelligence smart mirror).

Mr. Wen and Mr. Huang are the founding shareholders of Meidd Technology, are experienced in the PRC beauty industry, and are actively involved in the management and daily operations of Meidd Technology. Prior to Completion, Mr. Wen and Mr. Huang hold approximately 28.20% and 4% equity interest in Meidd Technology, respectively.

Mr. Tan and Mr. Yang are professional investors. Prior to Completion, Mr. Tan and Mr. Yang hold approximately 12.47% and 5.62% equity interest in Meidd Technology, respectively.

After Completion, Mr. Wen, Mr. Huang, Mr. Tan and Mr. Yang will hold approximately 19.20%, 2.80%, 5% and 2.62% equity interest in Meidd Technology, respectively.

Meidd Technology is an integrated mobile platform that provides merchant service and SaaS products to retail stores selling personal care and beauty products primarily located in lower-tier cities in the PRC.

The unaudited consolidated net profit (loss) of Meidd Technology for the years ended December 31, 2019 and 2020, and the unaudited consolidated net asset value of Meidd Technology as at June 30, 2021, were approximately:

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net profit (loss) before taxation	(RMB14,452,000) (equivalent to approximately (HK\$17,722,000))	(RMB1,227,000) (equivalent to approximately (HK\$1,505,000))
Net profit (loss) after taxation	(RMB14,452,000) (equivalent to approximately (HK\$17,722,000))	(RMB1,227,000) (equivalent to approximately (HK\$1,505,000))
		As at June 30, 2021
Net assets		RMB424,000 (equivalent to approximately HK\$520,000)

For the year ended December 31, 2020 and for the six months ended June 30, 2021, Meidd Technology was treated as an ‘investment in associate in the form of preferred shares’, which was accounted for by the Company as ‘financial assets measured at fair value through profit or loss’. After Completion, the financial results of Meidd Technology will be consolidated into the Group’s financial statements.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for the Group’s existing approximately 42.68% equity interest in Meidd Technology prior to the Sale and Purchase, the Sellers and Meidd Technology and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

CHANGE OF SHAREHOLDING STRUCTURE OF THE COMPANY AFTER ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) after Completion and the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and after Completion and the allotment and issue of the Consideration Shares), are as follows:

Shareholders	As at the date of this announcement		After Completion and the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>
Longlink Capital Limited ⁽¹⁾	620,000,000	14.25%	620,000,000	14.15%
Baolink Capital Limited ⁽²⁾	506,600,000	11.64%	506,600,000	11.56%
Xinhong Capital Limited ⁽³⁾	566,666,670	13.02%	566,666,670	12.93%
Mr. Wu Zeyuan	1,280,000	0.03%	1,280,000	0.03%
Dr. Lee Kai-Fu	32,994,151	0.76%	32,994,151	0.75%
Kingkey Enterprise Holdings Limited ⁽⁴⁾	435,024,180	10.00%	435,024,180	9.93%
Eastern Sun Enterprise Limited ⁽⁵⁾	81,025,000	1.86%	81,025,000	1.85%
Mr. Chen Jiarong ⁽⁴⁾	1,691,000	0.04%	1,691,000	0.04%
Sellers	–	–	29,452,667	0.67%
Other Public shareholders	2,107,122,392	48.41%	2,107,122,392	48.09%
Total	<u>4,352,403,393</u>	<u>100%</u>	<u>4,381,856,060</u>	<u>100%</u>

Notes:

- (1) The entire interest of Longlink Capital Limited is held by Longlink Limited, which is in turn held by Lion Trust (Singapore) Limited as the trustee for the benefit of Mr. Cai Wensheng (an executive Director and the chairman of the Board).
- (2) The entire interest of Baolink Capital Limited is held by Mr. Cai Wensheng (an executive Director and the chairman of the Board).
- (3) The entire interest of Xinhong Capital Limited 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 Zeyuan (an executive Director and the chief executive officer of the Company).
- (4) Kingkey Enterprise Holdings Limited is owned as to 50% by Mr. Chen Jiarong (a non-executive Director and substantial shareholder of the Company) and 50% by Mr. Chen Jiajun.
- (5) Eastern Sun Enterprise Limited is wholly-owned by Jubilee Prestige Investments Limited, which is in turn wholly-owned by Mr. Chen Jiarong (a non-executive Director).

LISTING RULES IMPLICATIONS

All of the applicable percentage ratios in respect of the Sale and Purchase Agreement when aggregated with other acquisitions of equity interest in Meidd Technology conducted within a 12-month period are less than 5%. However, as part of the Consideration will be satisfied by the allotment and issue of the Consideration Shares, the Sale and Purchase constitutes a share transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to the satisfaction of the conditions precedent to the Sale and Purchase Agreement and there is no assurance that the conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Sale and Purchase Agreement may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.

DEFINITIONS

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

“Amended and Restated Shareholders’ Agreement”	the amended and restated shareholders’ agreement to be entered into between the Meidd Shareholders and Meidd Technology on or before Completion
“Completion”	completion of the Sale and Purchase Agreement and the transactions contemplated thereunder
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Sale and Purchase payable by Meitu Networks to the Sellers pursuant to the terms and conditions of the Sale and Purchase Agreement
“Consideration Shares”	the 29,452,667 Consideration Shares at the issue price of HK\$1.66 per Share, credited as fully paid, to be allotted and issued to the Sellers pursuant to the terms and conditions of the Sale and Purchase Agreement
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with a maximum of 870,376,713 Shares, representing not more than 20% of the total number of issued shares of the Company on June 2, 2021, which Shares have not been allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries, together with Meitu Networks and, Xiamen MeituEve Network Services Co., Ltd. (廈門美圖宜膚網絡服務有限公司), and their respective subsidiaries
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules

“Meidd Founding Shareholders”	Mr. Wen and Mr. Huang
“Meidd Technology”	Meidd Technology (Shenzhen) Co., Ltd.* (美得得科技(深圳)有限公司), a company established in the PRC and owned by Meitu Networks as to approximately 42.68% as at the date of this announcement
“Meidd Shareholders”	the shareholders of Meidd Technology
“Mr. Huang”	Mr. Huang Zhifeng, a deputy general manager, a director and a founder of Meidd Technology
“Mr. Tan”	Mr. Tan Jiaxian, a professional investor and holder of equity interest of Meidd Technology
“Mr. Wen”	Mr. Wen Min, the chief executive officer, a director and a founder of Meidd Technology
“Mr. Yang”	Mr. Yang Xiangyang, a professional investor and holder of equity interest of Meidd Technology
“Sale and Purchase”	the sale and purchase of an approximately 20.67% equity interest in Meidd Technology by Meitu Networks from the Sellers pursuant to the terms and conditions of the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the share purchase agreement dated December 17, 2021, entered into between Meitu Networks, the Sellers and Meidd Technology in relation to the Sale and Purchase
“Sellers”	Mr. Wen, Mr. Huang, Mr. Tan and Mr. Yang
“Share Award Scheme”	the share award scheme adopted by the Company on November 25, 2016, which is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.8155. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, December 17, 2021

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, Dr. Lee Kai-fu and Mr. Chen Jiarong; the independent non-executive directors of the Company are Mr. Zhou Hao, Mr. Lai Xiaoling and Ms. Kui Yingchun.