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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF APPROXIMATELY 20% OF
THE ISSUED SHARE CAPITAL OF
DAJIE NET INVESTMENT HOLDINGS LTD.**

THE DISPOSAL

On August 4, 2023, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing approximately 20% of the issued share capital of Dajie Net, at a consideration of USD1.00, which shall be payable in cash.

Upon Completion, the Company shall continue to be the legal and beneficial owner of approximately 38.98% of the entire issued share capital of Dajie Net and approximately 38.98% effective equity interest in the Dajie Group through the Dajie VIE Agreements.

THE DEED OF UNDERTAKING

In connection with the Disposal, on August 4, 2023, the Key Dajie Members executed the Deed of Undertaking in favour of the Company and Meitu Networks granting certain rights to the Company under the Restated Articles (including the board observer right, co-sale rights, anti-dilution rights, information and inspection rights, and veto rights) and giving certain other undertakings to and in favour of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but all are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On August 4, 2023, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing approximately 20% of the issued share capital of Dajie Net, at a consideration of USD1.00. The principal terms of the Sale and Purchase Agreement are as follows:

Date:

August 4, 2023

Parties:

- (1) The Company, as vendor;
- (2) Rapid Recruitment, as purchaser

Subject matter of the sale and purchase:

The Sale Shares, representing approximately 20% of the issued share capital of Dajie Net.

Consideration and basis of consideration:

The consideration for the Sale Shares is USD1.00, which shall be payable in cash.

The consideration for the Sale Shares was a nominal consideration determined based on arm's length negotiations between the Vendor and the Purchaser, taking into account, *inter alia*, (a) the Dajie Group has been loss making for the most recent 3 consecutive financial years with the net losses surging to approximately RMB180,451,000 for the year ended December 31, 2022, (b) the estimated consolidated net asset value of Dajie Net as at July 31, 2023 was approximately negative RMB116 million (i.e. a net liability position), and (c) the reasons for and the benefits expected to be brought to the Group by virtue of the transactions under the Sale and Purchase Agreement and the Deed of Undertaking as described under the paragraph headed "Reasons for and benefits of the entering into of the Sale and Purchase Agreement and the Deed of Undertaking" in this announcement.

Conditions precedent:

The sale and purchase of the Sale Shares shall be subject to and conditional on the fulfilment of (or waiver in written form by the Vendor and the Purchaser) all of the following conditions (except condition (3) which cannot be waived by any Party):

- (1) the Restated Articles having been duly and validly adopted by Dajie Net and its shareholders and circulated to the registered agent of Dajie Net for filing with the Companies Registry of the Cayman Islands;
- (2) all corporate actions, approvals, consents and other proceedings necessary in connection with the sale and purchase of the Sale Shares and all other transactions contemplated under the Sale and Purchase Agreement and all documents and instruments relating thereto having been duly passed, executed and/or delivered by Dajie Net; and

- (3) where applicable, the Company's compliance with the applicable requirements under the Listing Rules and/or other requirements imposed by the Stock Exchange in respect of the sale and purchase of the Sale Shares and all other transactions contemplated under the Sale and Purchase Agreement.

If the above conditions are not fulfilled or waived by the Company and the Purchaser by the Long Stop Date, the Sale and Purchase Agreement shall lapse and be of no further effect and no Party shall have any claim against the other Party under or in connection with the Sale and Purchase Agreement, save in respect of antecedent breaches of the Sale and Purchase Agreement.

Completion:

Completion shall take place on the day as the Vendor and the Purchaser shall mutually agree in writing on or after the date of Sale and Purchase Agreement when all the abovementioned conditions have been fulfilled or waived in accordance with the Sale and Purchase Agreement.

Existing Shareholding Structure in Dajie Net and its Shareholding Structure immediately after Completion

The table below shows the existing shareholding structure of Dajie Net and its shareholding structure immediately after Completion:

Shareholder	Existing shareholding in Dajie Net		Shareholding in Dajie Net immediately after Completion	
	<i>No. of shares</i>	<i>Approximate percentage</i>	<i>No. of shares</i>	<i>Approximate percentage</i>
The Company	266,208,373	58.98%	175,931,622	38.98%
The Purchaser	31,406,548	6.96%	121,683,299	26.96%
DGL	127,437,342	28.23%	127,437,342	28.23%
Hill Ville Limited	26,331,492	5.83%	26,331,492	5.83%
Total:	451,383,755	100%	451,383,755	100%

Upon Completion, Dajie Net will cease to be a subsidiary of the Company.

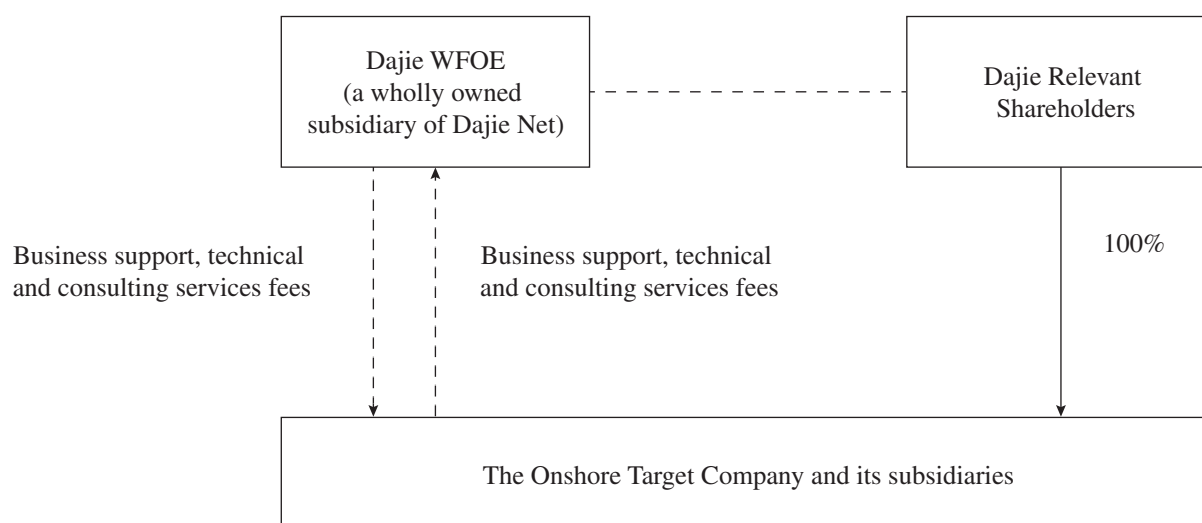
Restructuring of Dajie Group:

Currently, the Company owns approximately 58.98% equity interest in Dajie Net and through the Dajie VIE Agreements, owns approximately 58.98% effective equity interest in the Dajie Group.

The following diagram illustrates the current flow of economic benefits from the Onshore Target Company and its wholly owned subsidiaries to the Dajie WFOE (a wholly owned subsidiary of Dajie Net) under the existing Dajie VIE Agreements (for further details relating to the Dajie VIE Agreements, please refer to page 68 to page 75 of the 2022 annual report of the Company):

- (1) Powers of attorney to exercise all shareholders' rights in the Onshore Target Company
- (2) Exclusive option to acquire all or part of the equity interest and/or assets of the Onshore Target Company

(3) First priority security interest over the entire equity interest in the Onshore Target Company



Upon Completion, the Company shall continue to be the legal and beneficial owner of approximately 38.98% of the issued share capital of Dajie Net and approximately 38.98% effective equity interest in Dajie Group through the Dajie VIE Agreements.

In order to maximize the chance of fundraising of the Dajie Group (particularly in the PRC), the Parties agree that the Dajie Group may be restructured after Completion (including but not limited to the dismantling of any variable-interest-entities structure) such that the entire or a substantial part of the Dajie Group will be held by a new holding entity (the “**New Dajie Holding Entity**”) which shall be a PRC entity (the “**Restructuring**”). The Restructuring shall be completed within 3 months from the receipt by the Company of a notice of Restructuring issued by Dajie Net. The Restructuring shall not under any circumstances result in a decrease in, or in anyway prejudice, the effective shareholding of the Company and/or its Affiliates after Completion (whether directly or indirectly) in the Dajie Group as a whole (i.e. approximately 38.98%).

The Purchaser has undertaken that upon completion of the Restructuring and the incorporation or designation of the New Dajie Holding Entity, the Purchaser will either itself or through its Affiliate(s) or designee(s) (as the case may be, the “**Restructured Dajie Shareholder**”), hold no less than 20% of the equity interests in the New Dajie Holding Entity.

Claw-back rights and the Purchaser’s lock-up undertaking:

If at any time after the Completion: (a) the net assets of the Dajie Group on a consolidated basis (calculated based on the consolidated financial statements of the Dajie Group) turns positive; or (b) the monthly net profits of the Dajie Group on a consolidated basis (calculated based on the consolidated financial statements of the Dajie Group) exceeds RMB5 million in any three consecutive months, whichever is earlier (the “**Claw-Back Events**”, and each a “**Claw-Back Event**”), the Purchaser shall inform the Vendor in writing of the occurrence of such Claw-Back Event (“**Notice of Claw-Back Event**”) and the Vendor shall have the right (but not the obligation), within one year (over one or more occasions) from the later of the occurrence of a Claw-Back Event or the Vendor’s receipt of a Notice of Claw-Back Event, to require the Purchaser to:

- (a) sell and transfer back to the Vendor or one of its Affiliate as may be elected by the Vendor in its sole and absolute discretion, all or part of the Sale Shares; or
- (b) in the case where the Restructuring has been completed and the New Dajie Holding Entity has been incorporated, procure the relevant Restructured Dajie Shareholder to sell or transfer to the Vendor or one of its Affiliate as may be elected by the Vendor in its sole and absolute discretion all or part of such number of shares or equity interests representing the corresponding percentage shareholding to the percentage shareholding of the Sale Shares in Dajie Net (which upon completion of the Restructuring, the initial percentage shareholding shall be 20%) in the New Dajie Holding Entity

(as the case may be, the “**Claw-Back Shares**”), in each case on or before the expiry of the claw-back closing deadline (i.e. within 3 months upon the Purchaser’s receipt of a written notice from the Vendor informing the Purchaser of its election to exercise its Claw-Back Rights (as defined below)) and at such valuation and consideration per Claw-Back Share to be determined based on the higher of: (i) the value of the net assets of the Dajie Group on a consolidated basis and on a pro rata basis with reference to the Claw-Back Shares at the material time calculated based on the consolidated financial statements of the Dajie Group, or (ii) the fair market value of the Claw-Back Shares at the material time determined based on an independent valuer’s valuation (“**Claw-Back Rights**”).

The Purchaser (and or its Affiliates) shall not, prior to the expiration of the Claw-Back Rights, under any circumstances, directly or indirectly, sell, assign, transfer or Encumber in any way, any of the Claw-Back Shares (including but not limited to the Sale Shares) to any other person, without the prior written consent of the Vendor; provided however that the Claw-Back Shares (including but not limited to the Sale Shares) shall be permitted to be transferred by the Purchaser to the Restructured Dajie Shareholder pursuant to the Restructuring, whereby the Purchaser shall procure the Restructured Dajie Shareholder to enter into a substantially similar lock-up undertaking in favour of the Company and Meitu Networks (or where applicable, their Affiliate(s)) in relation to the Claw-Back Shares.

THE DEED OF UNDERTAKING

In connection with the Disposal, on August 4, 2023, the Key Dajie Members executed the Deed of Undertaking in favour of the Company and Meitu Networks granting certain rights to the Company and giving certain other undertakings to and in favour of the Company.

Anti-dilution

The Key Dajie Members have undertaken to use its best endeavours to secure the Qualified Equity Financing within 2 years after the entering into of the Deed and that the proceeds received by the Dajie Group Holding Entity pursuant to such Qualified Equity Financing, shall be used as general working capital for the business operations of the Dajie Group, provided further that for the purposes of both the Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) and any other Equity Financing(s) where new Securities of Dajie Net are issued at a consideration per share less than the Protected Price (as defined below) (“**Unqualified Equity Financing(s)**”), then each Key Dajie Members shall ensure that the Company’s shareholding in the Dajie Group Holding Entity shall not under any circumstances be diluted by any such Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) or Unqualified Equity Financing(s). The initial protected price shall be a fraction, the numerator of which shall be the amount of the US\$ equivalent of RMB100 million, and the denominator of which shall be 451,383,755 (i.e. the total number of issued shares of Dajie Net as at the date of the Sale and Purchase Agreement), as adjusted for share dividends, splits, combinations, recapitalizations or similar events (the “**Protected Price**”).

The Key Dajie Members have also undertaken that in the case of the Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) and all Unqualified Equity Financing(s), the Key Dajie Members shall either: (a) procure the Dajie Group Holding Entity to grant to the Company the right to subscribe for such number of additional new shares in the Dajie Group Holding Entity at zero consideration (or the lowest possible consideration as permitted by law) and which shall rank *pari passu* in all respects with the shares allotted and/or issued pursuant to such Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) or Unqualified Equity Financing(s), or (b) (in the case of Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) only) transfer either itself or together with the other Key Dajie Members, free and clear of any Encumbrance, such number of shares in the Dajie Group Holding Entity under its or their name(s) (or under its Affiliate’s name or their Affiliates’ name(s), as the case may be) to the Company (or at the election of the Company, its Affiliate) at zero consideration (or the lowest possible consideration as permitted by law), in order to ensure that the Company’s effective shareholding in the Dajie Group Holding Entity will not, after completion of such Qualified Equity Financing (of up to and including the fundraising amount of RMB30 million) or Unqualified Equity Financing(s), be diluted in any manner.

Certain rights of the Group under the Restated Articles

The Key Dajie Members have undertaken that it shall procure the Dajie Group Holding Entity to grant to the Group those rights described under the sub-paragraphs headed “Board observer rights”, “Co-sale rights”, “Anti-dilution rights”, “Information and inspection rights” and “Veto rights” in the paragraph “Second Amended and Restate Memorandum and Articles of Association of Dajie Net” below, and cause all such rights enjoyed by the Group to be reflected in the relevant constitutional documents and/or shareholders’ agreement of the New Dajie Holding Entity after the Restructuring. None of the Key Dajie Members may enter into any agreement or pass any resolution in the Dajie Group Holding Entity for varying, amending or revoking any of such rights of the Group without the prior written consent of the Company or Meitu Networks.

Non-competition undertaking

Ms. Wang, who is the founder and a director and chief executive officer of the Dajie Group has undertaken that while in office she shall use her best endeavours to devote all of her working time, attention and efforts to the business and interest of the Dajie Group, and that at all times during her employment with the Dajie Group and for a period of 6 months after her termination of employment with the Dajie Group, she shall not, without the prior written approval from the Company, directly or indirectly:–

- (a) participate, assist, manage, operate, provide services to, advise, consult, be concerned with, engaged or interested in, any other business or entity in any manner which directly or indirectly competes with the business of the Dajie Group existing during the time of her employment with the Dajie Group;
- (b) make any investment in any entity, including through equity ownership, debt instrument or actual control, which directly or indirectly competes with the business of the Dajie Group existing during the time of her employment with the Dajie Group;
- (c) at any time disclose to any other person, or use for any purpose, any confidential information relating to the Dajie Group, except that such obligations shall extend indefinitely beyond the 6-month period after her termination of employment with the Dajie Group; and/or
- (d) enter into any agreement, undertaking or any other arrangement in respect of any of the above matters.

SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF DAJIE NET

Pursuant to the Restated Articles, which shall be adopted on or before Completion as a condition to the Disposal (unless waived by the Vendor and the Purchaser in writing), the Company shall be entitled to certain rights for the protection of the Company as a shareholder of Dajie Net, including the following:

(a) Board observer rights

So long as the Company holds any issued shares of Dajie Net, the Company may elect and remove one representative to attend all meetings of the board of Dajie Net in an observer capacity (with no voting right). The Company and such board observer shall be entitled to receive all notices, minutes, resolutions, decisions, consents and/or other documents and materials circulated or provided to the directors of Dajie Net before, during and/or after all such meetings.

(b) Co-sale rights

If DGL or the Purchaser proposes to sell, assign, convey, transfer, exchange, gift, devise, pledge, hypothecate, encumber or otherwise alienate or dispose of any shares of Dajie Net (“**Offered Shares**”), the transferor shall promptly give written notice thereof to the Company. The Company has a right of co-sale which shall entitle the Company to participate in the transfer in accordance with the terms of the Restated Articles.

In connection with the exercise of the right of co-sale, the Company has the right to transfer up to such number of Shares equal to (a) the number of the Offered Shares, multiplied by (b) a fraction, the numerator of which shall be the number of Dajie Net Shares held by the Company on the date of the notice of transfer (on an as-converted and fully-diluted basis) and the denominator of which shall be the total number of Dajie Net Shares issued and held by the relevant transferor and the Dajie Net Shares held by the Company on the date of the notice of transfer (on an as-converted and fully-diluted basis). In the event that the relevant transferee desires to purchase a number of Dajie Net Shares less than the amount of the Offered Shares, the amount that the relevant transferee desires to purchase shall be substituted for the Offered Shares in the aforesaid equation for the purpose of determining the number of Shares that the Company is entitled to transfer.

DGL and the Purchaser cannot avoid the obligations hereunder by a change in the beneficial owner of fifty percent (50%) or more of its own or of any of its holding company(ies)’ issued share capital (or issued shares) through one or more transactions by way of transfer of shares, issue of new shares or otherwise.

(c) Anti-dilution rights

See the requirement for the Dajie Group Holding Entity to grant to the Company the right to subscribe for additional new shares in the Dajie Group Holding Entity as described in the section headed ‘Anti-dilution’ on page 6 of this announcement for details.

(d) Information and inspection rights

So long as the Company holds any issued shares of Dajie Net, Dajie Net shall deliver to the Company the annual, quarterly and monthly consolidated financial statement and the annual operating budget and business plan of the Dajie Group.

The Company shall have the right to inspect and copy the books and records, plant, equipment, stock in trade and facilities of Dajie Group; and the right to discuss the business, operations and management and other matters of Dajie Group with their respective directors, officers, employees, accountants, auditors, financial advisors, legal counsel and investment bankers, provided that the exercise of the inspection rights shall comply with applicable laws and shall not cause any material disruptions to the normal business operations of the Group.

(e) *Veto rights*

So long as the Company holds no less than 30% of the issued shares of Dajie Net or so long as the Claw-Back Rights are still subsisting, the following matters relating to any member of the Dajie Group may only proceed if written approval has been obtained from the Company:

- (i) the creation, amendment or termination of any connected transactions (as defined in the Listing Rules) or related-party transactions; and
- (ii) increase in the remuneration of any director or member of the senior management of any member of the Dajie Group by more than 50% in aggregate over any 12 months period.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company's shareholding in Dajie Net will reduce from approximately 58.98% to approximately 38.98%, and the Company will no longer be a majority shareholder of (and will no longer have control over) Dajie Net. Therefore, the Dajie Group will cease to be subsidiaries of the Company, the Dajie Group's financial results will cease to be consolidated into the Group's financial statements, and the Company's remaining shareholdings in Dajie Net will be recognized as investment in associate.

Subject to final audit by the Company's auditor, for the year ending December 31, 2023, it is expected that the Group will realise a net gain on disposal of approximately RMB70 million which is calculated by reference to the consideration for the Sale Shares, the fair value of the Group's remaining interest in Dajie Net and the net liability position of Dajie Net attributable to the former controlling interest of the Group in Dajie Net. The above estimated financial impact is shown for illustrative purposes only and the final financial effects of the Disposal will be subject to audit and the fair value of Dajie Net as at Completion and may vary from the current estimation.

The Directors intend to apply the proceeds from the Disposal as general working capital.

REASONS FOR AND BENEFIT OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND THE DEED OF UNDERTAKING

The Dajie Group has been loss making for the most recent 3 consecutive financial years, with net losses dramatically increased from approximately RMB97,392,000 for the year ended December 31, 2021 to approximately RMB180,451,000 for the year ended December 31, 2022. Moreover, the estimated consolidated net asset value of Dajie Net as at July 31, 2023 was approximately negative RMB116 million (i.e. a net liability position) and the Group has as of December 31, 2022 fully impaired the intangible assets arising from the Dajie Group's cash generating unit which engaged in the influencer marketing solutions ("IMS") business.

Following discussions between the Company and the senior management of the Dajie Group about the most advantageous way to develop the business of the Dajie Group, the Parties are of the view that allowing the Purchaser to increase its stake in Dajie Net at a nominal consideration (i.e. USD1.00 for the Sale Shares) would further align the interests of Mr. Ding (who is a member of the senior management of the Dajie Group and holds the position of vice president of strategic development in the Dajie Group) with those of the Dajie Group in enhancing his incentive and productivity to work assiduously towards developing the business of Dajie Group, which if achieved is expected to deliver financial upside to the Company given that the improved performance of the Dajie Group will very likely result in an uplift in the valuation of Dajie Net. The Directors are of the view that this is a win-win situation for the Company and the Purchaser from a financial perspective and is in the interests of the Company, Dajie Net, and their respective shareholders as a whole. At the same time, should the Dajie Group subsequently turn to profitability, the Claw-Back Rights would (at the Group's election) allow the Group to re-acquire all or part of the Sale Shares or the corresponding shareholding in the New Dajie Holding Entity after the Restructuring (if any) on the terms and at the consideration as set out on page 4 of this announcement under the section headed 'Claw-back rights and the Purchaser's lock-up undertaking'. Moreover, the undertaking given by the Key Dajie Members to the Company and Meitu Networks under the Deed of Undertaking and the rights that the Company is entitled to under the Restated Articles as set out on pages 4 to 8 of this announcement under the sections headed 'THE DEED OF UNDERTAKING' and 'SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF DAJIE NET' respectively provide protection to the Company as a non-majority shareholder of Dajie Net after completion of the Disposal.

In addition, the Restructuring will allow Dajie Group to facilitate and maximise the chance of a Qualified Equity Financing and other future fundraising activities particularly in the PRC, thereby raising further capital for the Dajie Group to fund its business operations.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Disposal, the Deed of Undertaking and the transactions thereunder are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but all are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company is a limited liability company incorporated under the laws of Cayman Islands, principally engaged in investment holding. The principal activities of the Company's subsidiaries (including Meitu Networks) and contractually controlled entities and their subsidiaries are (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, artificial intelligence 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 artificial intelligence cleansing brush) and Meitu Genius (an artificial intelligence smart mirror).

The Purchaser is a limited liability company incorporated under the laws of the Cayman Islands, principally engaged in investment holding. As at the date of this announcement, the Purchaser is beneficially owned by Mr. Ding, who is a senior management of Dajie Group holding the position of vice president of strategic development of the Dajie Group.

DGL is a limited liability company incorporated under the laws of British Virgin Islands, principally engaged in investment holding. As at the date of this announcement, DGL is beneficially owned by Ms. Wang.

Ms. Wang is a domestic resident of the PRC, and the founder and a director and chief executive officer of Dajie Group. She was formerly the chief operating officer of the Group, but had ceased to hold such position within the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons. As Ms. Wang is a director and the chief executive officer of the Dajie Group and DGL is a substantial shareholder of Dajie Net, which is a subsidiary of the Company, she and DGL (being her associate) are connected persons of the Company at the subsidiary level under the Listing Rules.

INFORMATION ABOUT DAJIE NET

Dajie Net is a limited liability company incorporated under the laws of the Cayman Islands and is principally engaged in online recruitment and the IMS business. It has also created an online social recruitment platform, dajie.com, which provides matching services to recruiters and job candidates.

Set out below are the unaudited consolidated net loss both before and after taxation and before non-controlling interests of Dajie Net for the two financial years ended December 31, 2021 and December 31, 2022, respectively, according to the unaudited consolidated financial statements of Dajie Net adjusted for the purpose of consolidation into the annual results of the Group in accordance with IFRSs:

	For the financial year ended December 31,	
	2022	2021
	<i>(approximately)</i>	<i>(approximately)</i>
Net loss before taxation and before non-controlling interests	RMB200,097,000	RMB105,249,000
Net loss after taxation and before non-controlling interests	RMB180,451,000	RMB97,392,000

The estimated consolidated net asset value of Dajie Net as at July 31, 2023 was approximately negative RMB116 million.

DEFINITIONS

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

“Affiliate(s)”	in relation to a person, any holding company, subsidiary (whether direct or indirect), any other subsidiaries of any such holding company or any other person that directly or indirectly (whether by way of contractual arrangements or otherwise), through one or more intermediaries, controls, is controlled by or is under common control with such person; and “control” refers to the ability and power to direct the management and policies of such entity, whether through the direct or indirect ownership of at least 50% of the shareholder voting rights of such entity, by contract or otherwise
“Board”	the board of Directors
“Company” or “Vendor”	Meitu, Inc. (Stock Code: 1357), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Dajie Group”	Dajie Net, the New Dajie Holding Entity (if the Company completes the Restructuring), its respective subsidiaries and contractually controlled entities and their respective subsidiaries, and “Dajie Group Company” means any one of them
“Dajie Group Holding Entity”	the holding entity of the entire or a substantial part of the Dajie Group, whether before or after the Restructuring
“Dajie HK”	Dajie Net Hong Kong Limited (大街網香港有限公司), a limited liability company duly incorporated under the laws of Hong Kong
“Dajie Net”	Dajie Net Investment Holdings Ltd., a limited liability company incorporated under the laws of the Cayman Islands
“Dajie Net Shares”	ordinary share(s) of US\$0.00001 each in the share capital of Dajie Net

“Dajie Relevant Shareholders”	Meitu Networks holding approximately 85.52% equity interest in the Onshore Target Company and the other shareholders of the Onshore Target Company as follows: (a) 北京融薈企業管理合夥企業(有限合夥)(Beijing Ronghui Enterprise Management Partnership (Limited Partnership)) as to approximately 10.28%; and (b) Ms. Wang Xiujuan(王秀娟) as to approximately 4.20%
“Dajie VIE Agreements”	the series of contractual arrangements entered into between the Dajie WFOE, the Onshore Target Company and the Dajie Relevant Shareholders, details of which are described in the section headed “Dajie VIE Agreements” on pages 68 to 75 of the 2022 annual report of the Company
“Dajie WFOE”	Tianjin Meijie Technology Co., Ltd.(天津美街科技有限公司), a wholly foreign-owned enterprise set up by Dajie HK under the laws of the PRC
“Deed of Undertaking”	the deed of undertaking dated August 4, 2023 entered into by the in favour of the Company and Meitu Networks
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of approximately 20% equity interest in Dajie Net by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“Encumbrance”	with respect to any asset, any mortgage, lien, pledge, charge, option, restriction, right of first refusal, right of pre-emption, hypothecation, third party right or interest, other security interest or encumbrance of any kind in respect of such asset or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect; and the term “Encumber” shall be construed accordingly
“Equity Financing”	a bona fide transaction or series of transactions with the principal purpose of raising capital for Dajie Net or the New Dajie Holding Entity
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“IFRSs”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Key Dajie Members”	Rapid Recruitment, DGL and Ms. Wang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	September 30, 2023, or such later date as agreed between the Parties
“Meitu Networks”	Xiamen Meitu Networks Technology Co., Ltd. (廈門美圖網科技有 限公司), a company incorporated in the PRC
“Mr. Ding”	Ding Guibin(丁貴濱), being a member of the senior management of Dajie Group holding the position of vice president of strategic development in the Dajie Group, and the ultimate beneficial owner of all the issued shares of the Purchaser
“Ms. Wang”	Wang Xiujuan(王秀娟), being the founder and a director and chief executive officer of the Dajie Group
“Onshore Target Company”	北京大杰致遠信息技術有限公司 (Beijing Dajie Zhiyuan Information Technology Co., Ltd.), a limited liability company incorporated under the laws of the PRC
“Parties”	the Company (as vendor) and the Purchaser, “Party” means any of them
“PRC”	the People’s Republic of China
“Qualified Equity Financing”	a or a series of equity financing which is for no less than an aggregate of RMB30 million in funding from external investors and based on a reasonable valuation of the Company or the New Dajie Holding Entity
“RMB”	Renminbi, the lawful currency of the PRC
“Rapid Recruitment” or “Purchaser”	Rapid Recruitment Limited, a limited liability company incorporated under the laws of the Cayman Islands
“Restated Articles”	the second amended and restated memorandum and articles of association of Dajie Net
“SaaS”	Software as a Service

“Sale and Purchase Agreement”	the share purchase agreement dated August 4, 2023, entered into between the Company and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	90,276,751 shares of Dajie Net, representing approximately 20% of the entire issued share capital of Dajie Net
“Securities”	any shares, stocks, debentures, funds, bonds, notes or any rights, convertible rights, warrants, options or interests in respect of any of the foregoing or any other derivatives or instruments having similar economic effect
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	percent

By order of the Board
Meitu, Inc.
Wu Zeyuan
Chairman

Hong Kong, August 4, 2023

As at the date of this announcement, the executive director of the Company is Mr. Wu Zeyuan (also known as Mr. Wu Xinhong); the non-executive directors of the Company are Dr. Guo Yihong, Dr. Lee Kai-fu, Mr. Chen Jiarong and Mr. Hong Yupeng; the independent non-executive directors of the Company are Mr. Zhou Hao, Mr. Lai Xiaoling, and Ms. Kui Yingchun.