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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)

## (1) COMPLETION OF EQUITY FINANCING OF PIXOCIAL AND (2) CONNECTED TRANSACTION GRANT OF PIXOCIAL OPTIONS UNDER THE PIXOCIAL OPTION SCHEME

Reference is made to the announcement of the Company dated 12 October 2023 in relation to the equity financing of Pixocial (the “**October Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meaning given to them in the October Announcement.

### 1. COMPLETION OF EQUITY FINANCING OF PIXOCIAL

The Board is pleased to announce that all conditions precedent to consummate Completion had been fulfilled or waived (as applicable), and Completion with all Investors took place concurrently on 1 December 2023 (the “**Completion Date**”).

The table below sets forth the shareholding structure of Pixocial as at the date of this announcement on a fully-diluted and as-converted basis and assuming that all the Pixocial Options that could be granted under the existing scheme mandate of the Pixocial Option Scheme have been granted and exercised in full.

Shareholder	Class of Shares	No. of Shares	Approximate % in the Total Issued and Outstanding Share Capital of Pixocial
Company	Ordinary Shares	100,000,000	78.51
	Series A Preference Shares	2,691,066	2.11
<b>Sub-total</b>	–	<b>102,691,066</b>	<b>80.62</b>
Eight Roads	Series A Preference Shares	8,970,219	7.04
FutureX ICT	Series A Preference Shares	3,588,088	2.82
FutureX A7	Series A Preference Shares	4,485,110	3.52
Grantees under the Pixocial Option Scheme	Ordinary Shares	7,642,626	6.00
<b>Total</b>		<b>127,377,109</b>	<b>100.00</b>

## **2. ADOPTION OF PIXOCIAL OPTION SCHEME AND GRANT OF PIXOCIAL OPTIONS**

In accordance with the Share Subscription Agreement, immediately prior to Completion and on the Completion Date, Pixocial adopted the Pixocial Option Scheme, pursuant to which 7,642,626 Ordinary Shares (representing approximately 6% of Pixocial's issued and outstanding share capital on a fully-diluted and as-converted basis) have been reserved for issuance to certain Service Providers.

On the Completion Date, Pixocial Options representing the right to purchase 1,910,657 Ordinary Shares (representing approximately 1.5% of Pixocial's issued and outstanding share capital on a fully-diluted and as-converted basis) at the exercise price of US\$0.00001 per Ordinary Share were granted to each of Mr. Wu and Mr. Song for nil consideration in accordance with the terms of the Pixocial Option Scheme pursuant to the Share Subscription Agreement.

### **Summary of the Principal Terms of the Pixocial Option Scheme**

#### ***Purposes and Objectives***

The purposes and objectives of the Pixocial Option Scheme are to align the interests of the Service Providers with those of Pixocial and its subsidiaries, to encourage the Service Providers to work assiduously towards enhancing the value of Pixocial and its shares for the benefit of Pixocial and its subsidiaries and the shareholders of Pixocial as a whole, and to provide Pixocial with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the Service Providers.

#### ***Duration***

Subject to any early termination as may be determined by the Pixocial Board and subject to applicable laws and regulations and the Scheme Rules, the Pixocial Option Scheme shall be effective for a term of ten (10) years commencing from the Completion Date.

#### ***Scheme Limit and Adjustments***

The maximum aggregate number of Ordinary Shares that may be issued pursuant to the Pixocial Option Scheme shall be 7,642,626 Ordinary Shares and there is no specific limit on the maximum number of Ordinary Shares under the Pixocial Option Scheme which may be granted to a single Service Provider. In the event that the Ordinary Shares previously issued under the Pixocial Option Scheme are reacquired by Pixocial pursuant to a right of first refusal or repurchased by Pixocial in accordance with the Scheme Rules, such Ordinary Shares shall be added to the number of Ordinary Shares then available for issuance under the Pixocial Option Scheme.

In the event that the number of outstanding Ordinary Shares is changed as a result of a change in the capital structure of Pixocial affecting Ordinary Shares without consideration, (a) the number of Ordinary Shares reserved for issuance under the Pixocial Option Scheme, and (b) the exercise price per Ordinary Share of a Pixocial Option and number of Ordinary Shares to be received by the Grantee upon exercise of a Pixocial Option will be proportionately adjusted in accordance with the Scheme Rules.

## ***Administration***

The Pixocial Option Scheme shall be subject to administration by the Administrator in accordance with applicable laws and regulations, the articles of association of Pixocial and the Scheme Rules.

Pursuant to the Scheme Rules, the Administrator has the power and authority to select any Service Provider to whom Awards may be granted under the Pixocial Option Scheme and to determine the type(s) and number of Awards to be granted to each such Service Provider.

The Administrator may also determine the time at which a Pixocial Option will vest and become exercisable as well as the conditions for such vesting and exercise, as applicable. Subject to applicable laws and regulations, the exercise price of a Pixocial Option shall be determined by the Administrator, and may be adjusted at the discretion of the Administrator, provided that any such adjustment does not result in a materially adverse impact to the Grantee.

## ***Expiration and Termination of Awards***

Any unvested or unexercised Award shall expire on the tenth (10th) anniversary of the date of grant, unless otherwise provided in the relevant grant letter. The Administrator may extend the term and exercise period of any outstanding Award. In addition, an Award shall expire or terminate earlier upon occurrence of any of the following events, unless otherwise provided either in the grant letter or by action of the Administrator following the grant of the Award:

- (i) upon termination of the Grantee's status as a Service Provider for cause, in the event of which (a) all unexercised Awards, whether vested or unvested, shall be cancelled as of the date of such termination; and (b) all Ordinary Shares acquired pursuant to an Award by such Grantee shall be returned to Pixocial, and any Ordinary Shares forfeited accordingly shall be reverted to the Pixocial Option Scheme and again be available for future grants under the Pixocial Option Scheme; and
- (ii) upon termination of the Grantee's status as a Service Provider for reasons other than for cause or due to death or disability of the Grantee, in the event of which (a) all unvested Awards shall cease to vest on the date of termination and the corresponding Ordinary Shares shall be reverted to the Pixocial Option Scheme and again be available for future grants under the Pixocial Option Scheme; and (b) all vested but unexercised Awards may only be exercised within the exercise period(s) determined by the Administrator.

## ***Rights and Restrictions***

No Grantee will have any of the rights of a shareholder of Pixocial with respect to any Ordinary Shares until such Ordinary Shares are issued to the Grantee by entry into Pixocial's register of members.

Except as otherwise permitted in the relevant grant letter, any Award and interest therein shall not be transferable or assignable by the Grantee, other than by will or by laws of descent and distribution. The Ordinary Shares to be received by the Grantee upon exercise of a Pixocial Option may also be subject to restrictions under applicable laws and regulations or as determined at the discretion of the Administrator.

## **Grant of Pixocial Options to Mr. Wu**

The Pixocial Options granted to Mr. Wu is valid from the Completion Date to the tenth (10th) anniversary of the Completion Date, and will be vested over the four (4) year period immediately following the Completion Date with twenty-five percent (25%) in equal yearly instalments, subject to Mr. Wu's continued status as a Service Provider on each vesting date.

The grant of the Pixocial Options to Mr. Wu was made pursuant to the Share Subscription Agreement for nil consideration as it is intended to recognise and reward Mr. Wu for his continued efforts for the success of Pixocial and the Group.

The exercise of all or any portion of the Pixocial Options are subject to the following conditions: (i) such Pixocial Options being fully vested, (ii) closing of a public offering or listing of the equity securities of Pixocial on a recognised international securities exchange, (iii) if applicable, compliance with rules of the State Administration for Foreign Exchange of the PRC and any other applicable laws of the PRC, and (iv) expiration of any lock-up period of up to six (6) months after the date of the public offering or listing mentioned in limb (ii) above as maybe determined in the relevant underwriting agreement in connection thereto. In the event of a trade sale, the Pixocial Board may in good faith determine the vesting of such Pixocial Options in its sole and absolute discretion after taking into consideration of the aforementioned vesting schedule.

Following the grant and the full exercise of the Pixocial Options granted to Mr. Wu, Pixocial will continue to be a subsidiary of the Company.

The adoption of the Pixocial Option Scheme and the grant of the Pixocial Options to Mr. Wu are one of the condition precedents to Completion as specified under the Share Subscription Agreement, and form part of the Equity Financing of Pixocial. For further information on the Equity Financing, including, among other things, (i) the estimated unaudited pro forma consolidated net assets of Pixocial as at 30 June 2023 and the estimated unaudited pro forma consolidated net profits before and after taxation of Pixocial for the years ended 31 December 2022 and 31 December 2021 (as adjusted to give effect to the internal reorganisation as if it had been completed on 1 January 2021), and (ii) the identities and principal business activities of the parties, please refer to the October Announcement.

The Directors intend to apply the proceeds from the exercise of the Pixocial Options granted to Mr. Wu as general working capital.

## **Reasons for and Benefits of the Grant of the Pixocial Options to Mr. Wu**

In assessing the fairness and reasonableness of the grant of the Pixocial Options to Mr. Wu, the Directors (including the independent non-executive Directors) have taken into consideration the roles, past performance and the period of service of Mr. Wu in the Group. The grant of the Pixocial Options to Mr. Wu is to align the interests of Mr. Wu with those of the Group (including Pixocial and its subsidiaries) through ownership of Ordinary Shares, dividends and other distributions paid on Ordinary Shares and/or the increase in value of the Ordinary Shares, and to recognise his past contributions to the business performance of Pixocial and its subsidiaries and aims to secure his long term continuous support and commitments which are crucial to the future development and business expansions of Pixocial and its subsidiaries and the Group as a whole.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that such grant is on normal commercial terms and in the ordinary and usual course of business, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Wu has a material interest in the grant of the Pixocial Options to himself and has therefore abstained from voting on the Board resolutions approving the grant of the Pixocial Options to himself.

### **Financial Effects of the Grant of the Pixocial Options to Mr. Wu**

As 7,642,626 Ordinary Shares (representing approximately 6% of Pixocial's issued and outstanding share capital on a fully-diluted and as-converted basis) had already been reserved for issuance pursuant to the Pixocial Option Scheme, the grant of the Pixocial Options to Mr. Wu and the full exercise thereof would not have any impact on the Company's shareholding in Pixocial after Completion.

The financial results of Pixocial will continue to be consolidated into the consolidated financial statements of the Company. Subject to final valuation results and final audit by the Company's auditor, the grant of the Pixocial Options to Mr. Wu would be recognised as share-based compensation and amortised over the vesting period in consolidated profit or loss statement starting from the date of such grant. It is anticipated that the grant of the Pixocial Options to Mr. Wu would not have any material financial impact on the Company's consolidated profit and loss statement for the year ending 31 December 2023.

### **Listing Rules Implications**

Pixocial 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 Option Scheme is not subject to disclosure obligations under Chapter 17 of the Listing Rules.

As Mr. Wu is the chairman of the Board, the executive Director and chief executive officer of the Company, he is a connected person of the Company under the Listing Rules, and the grant of the Pixocial Options to Mr. Wu constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the grant of the Pixocial Options to Mr. Wu (assuming all such Pixocial Options granted had been exercised) exceed 0.1% but all are less than 5%, the grant of the Pixocial Options to Mr. Wu is subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Administrator”	the Pixocial Board or any committee created and appointed by the Pixocial Board to administer the Pixocial Option Scheme
“Award”	any award granted under the Pixocial Option Scheme, including any Pixocial Option or any other right or benefit
“Company”	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
“Family Member”	in respect of a natural individual, his/her spouse, child, step-child, grandchild, parent, step-parent, grandparent, brother, step-brother, sister or step-sister, father in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, uncle, aunt, cousin, nephew or niece
“Grantee”	the person who receives an Award under the Pixocial Option Scheme
“Person”	any natural person, firm, company, corporation, body corporate, partnership, association, government, state or agency of a state, local, municipal or provincial authority or government body, joint venture, trust, individual proprietorship, business trust or other enterprise, entity or organisation (whether or not having separate legal personality)
“Pixocial”	Pixocial Holdings Ltd, an exempted company limited by shares incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company immediately prior to Completion
“Pixocial Board”	the board of directors of Pixocial
“Pixocial Option”	an option to purchase Ordinary Shares as granted pursuant to the Pixocial Option Scheme
“Scheme Rules”	the rules relating to the Pixocial Option Scheme approved by the Pixocial Board and the Company on 1 December 2023, as amended from time to time

“Service Providers”

any Person who is an employee, consultant, officer, director, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or other service provider of Pixocial and its subsidiaries or any affiliate of such Person (including but not limited to (i) nominees and/or trustees of any employee benefit trust established for them, (ii) any trust, company or other entity or form of business vehicle which such Person and/or his/her Family Member is a beneficiary of or holds beneficial interest in), whom the Administrator considers to have contributed or will contribute to Pixocial and its subsidiaries, excluding any consultant or director of Pixocial and its subsidiaries in any jurisdiction in which grants of Awards to non-employees are not permitted pursuant to applicable laws and regulations

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

Hong Kong, 1 December 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.*