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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)

STRATEGIC COOPERATION AND PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Financial Adviser

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德意志银行



The Board is pleased to announce that the Company plans to enter into strategic collaborations with Alibaba.com China Limited (the Subscriber), an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, or its nominated affiliates, in areas such as e-commerce, AI technology, and cloud computing capabilities. At the same time, the Company will issue Convertible Bonds to the Subscriber with a total principal amount of approximately US\$250 million, for a term of three years, at an initial Conversion Price of HK\$6.00 per Conversion Share, pursuant to the Agreed Rate.

The Board believes that this strategic collaboration will serve as the foundation of a long-term partnership between the Company and the Subscriber. It will also allow the Company to seize the opportunities brought by AI, driving the Company's long-term growth.

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On May 20, 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of US\$250 million, at the initial Conversion Price of HK\$6.00 per Conversion Share. Details of the Subscription Agreement and the terms of the Convertible Bonds are described below:

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

May 20, 2025 (after trading hours)

Parties

- (1) the Company as issuer; and
- (2) the Subscriber as subscriber.

Conditions Precedent

Closing shall be conditional upon each of the following conditions (“**Conditions Precedent**”) being fulfilled or, if applicable, waived by the Subscriber in writing (save for (b) and (h), which may not be waived):

- (a) the execution of the Business Cooperation Agreement;
- (b) the Stock Exchange having granted permission for the listing of and dealing in the Conversion Shares (which permission may be subject to such documentary requirements or administrative formalities as may be customarily imposed by the Stock Exchange, or other conditions as the Subscriber may agree to in writing) and such permission not having been revoked as at Closing;
- (c) the Shares not having been suspending from listing or trading on the Stock Exchange for a period of more than 20 consecutive trading days since the date of the Subscription Agreement, and the Shares are not so suspended from listing or trading on the Stock Exchange as at the Closing Date;
- (d) no injunction (whether interim or otherwise) has been granted in respect of the Company, which will or may prohibit or restrict the Company from entering into or performing any of its obligations under the Transaction Documents;
- (e) no event or circumstances having a Material Adverse Effect has occurred or come into existence;

- (f) as at the date of the Subscription Agreement and Closing (by reference to the facts and circumstances then subsisting), (I) the fundamental representations and warranties of the Company are and will be true, accurate and not misleading, and (II) all other representations and warranties of the Company are and will be true, accurate and not misleading save to the extent any such inaccurate or misleading representation or warranty would not and is not reasonably likely to have a Material Adverse Effect;
- (g) no event has occurred and no circumstance has come into existence which, had the Convertible Bonds already been issued, would constitute an Event of Default;
- (h) the PRC National Development and Reform Commission has given its approval in respect of the issue of the Convertible Bonds, and such approval remains in full force and effect and does not alter, limit or restrict any of the material terms of the Transaction Documents; and
- (i) the Company has procured and reserved the general mandate to allot and issue the Convertible Bonds and Conversion Shares.

Nomination Rights

Subject to compliance with the applicable laws (including the Listing Rules), the Company agrees that, so long as:

- (a) the aggregate principal amount of outstanding Convertible Bonds registered in the bond register in the name of the Subscriber is US\$150 million or more; or
- (b) the Shares, Convertible Bonds and any other relevant securities held by Alibaba Group Holding Limited and its subsidiaries from time to time (whether directly, indirectly, beneficially or otherwise, including without limitation via CCASS) represent more than five per cent (5%) of the total issued Share capital of the Company as at Closing on an as-converted basis (that is, assuming all securities convertible into Shares are, at such time, converted into Shares in accordance with the terms thereof), which five per cent (5%) shall be assessed by reference to the total issued Share capital of the Company as at Closing as the denominator,

then, the Subscriber shall have the right and be entitled to nominate one (1) person to be appointed in office as a non-executive Director, by giving notice thereof in writing to the Company, provided that such person fulfils the requirements under the applicable laws (including the Listing Rules) to be appointed as a Director and that the applicable procedural requirements under the Articles (if any) are duly observed (the Director so nominated by the Subscriber being the “**Subscriber Director**”). The Subscriber Director shall have the same rights as the other Directors, including but not limited to, those set out in the Articles. The Company has agreed to facilitate the appointment, re-election and replacement of such Subscriber Director (as the case may be) subject to the terms agreed in the Subscription Agreement, the Articles, applicable laws and the Listing Rules.

Conduct prior to Closing

From the date of the Subscription Agreement until Closing, the Company shall not allot or issue Shares (or securities convertible into or exchangeable for Shares), save for Shares or such securities that are issued or granted to eligible participants under a share scheme or plan of the Company, provided that the maximum number of Shares to be allotted or issued does not exceed one per cent (1%) of the total number of Shares as of the date of the Subscription Agreement.

Closing

Closing shall take place on the Closing Date, which shall be a date falling ten (10) Business Days after the fulfilment or waiver (in accordance with the Subscription Agreement) of the last of the Conditions Precedent, but not later than the Long Stop Date. At Closing, the Subscriber shall pay (or procure the payment of) the whole aggregate principal amount of the Convertible Bonds to the Company for same day value in immediately available funds, to the account in Hong Kong designated by the Company and notified in writing by the Company to the Subscriber not less than five (5) Business Days prior to the Closing Date.

CSRC Filing

The Company shall prepare and submit the relevant filing report in relation to the transactions contemplated under the Transaction Documents and the relevant PRC legal opinion, together with all other relevant supporting materials, to the CSRC pursuant to the CSRC Filing Rules as soon as practicable after Closing (or, where applicable, such earlier time as may be required by the CSRC or pursuant to the CSRC Filing Rules).

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are summarized as follows:

Issuer:	The Company
Subscriber:	The Subscriber
Principal amount:	US\$250,000,000
Interest:	1% per annum on the outstanding principal amount, payable on 30 June and 31 December of each calendar year.

Where a Bondholder has redeemed part or whole of the principal amount of the Convertible Bonds, such Bondholder will in addition to such part or whole (as the case may be) of the principal amount redeemed, be entitled to unpaid interest accrued in respect of such part or whole (as the case may be) of the principal amount being redeemed for the period from the later of the Issue Date and the last interest payment date up to the redemption date.

Where a Bondholder has converted part or whole of the principal amount of the Convertible Bonds, all unpaid interest accrued in respect of such part or whole (as the case may be) of the principal amount being converted for the period from the later of the Issue Date and the last interest payment date up to the date of conversion shall be applied as part of the principal amount to be converted in accordance with the terms of the Bond Instrument.

Maturity Date:	the third (3rd) anniversary of the Issue Date (or such later date as may from time to time be agreed in writing between the Company and all of the Bondholders)
Conversion Price:	HK\$6.00 per Conversion Share, pursuant to the Agreed Rate, subject to adjustment(s) upon occurrence of certain events as summarized in the paragraph headed “Adjustments to the Conversion Price” below.
Conversion Right:	The Bondholders shall be entitled to convert any of their Convertible Bonds, in whole or in part, at any time during the Conversion Period into such number of Shares determined by dividing the principal amount of and accrued unpaid interest on the Convertible Bonds to be converted, as translated into HK\$ pursuant to the Agreed Rate, by the Conversion Price in effect on the relevant date of conversion.
Conversion Period:	The Conversion Right may be exercised at the option of its Bondholder at any time from the Issue Date up to the close of business on the date falling five (5) Business Days prior to the Maturity Date.
Redemption at maturity:	Unless previously redeemed or converted in accordance with the terms of the Bond Instrument, the Company shall redeem each Convertible Bond on the Maturity Date at the outstanding principal amount thereof together with all accrued unpaid interest thereon.
Redemption on Event of Default:	Following the occurrence of an Event of Default, each Bondholder shall have the right exercisable at its option to require the Company to redeem all (or any portion) of its Convertible Bonds on the seventh (7 th) Business Day after the date of receipt by the Company of the Event of Default redemption notice, at their principal amount together with unpaid interest accrued to such event of default redemption date.
Redemption on delisting or change of control:	Following the occurrence of a Relevant Event, each Bondholder shall have the right exercisable at its option to require the Company to redeem all (or any portion) of its Convertible Bonds on the seventh (7 th) Business Day after the date of receipt by the Company of the Relevant Event redemption notice, at their principal amount together with unpaid interest accrued to such Relevant Event redemption date.
Status and listing:	The Convertible Bonds shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and shall at all times rank pari passu and without any preference or priority amongst themselves.

The payment obligations of the Company under the Convertible Bonds shall, save for exceptions provided under mandatory provisions of applicable legislation, at all times rank at least equally with all of the other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company.

No application is intended to be made for the listing of the Convertible Bonds on any stock exchange.

Transferability:

The Convertible Bonds may not be transferred without the prior written consent of the Company, except that they shall be freely transferrable (whether in whole or in part) by the Subscriber to Permitted Transferees.

Events of Default:

If any of the events specified below (“**Event of Default**”) occurs, any Bondholder may require the Company to redeem the Convertible Bonds pursuant to the paragraph headed “Redemption on Event of Default” in this announcement:

- (1) the Company fails to deliver Shares as and when required to be delivered following any exercise of the Conversion Right;
- (2) a default by the Company is made in the payment of any principal, interest or other amounts due in respect of the Convertible Bonds;
- (3) the Company is in breach of any of its other obligations under the terms of the Transaction Documents, which breach is incapable of remedy, or, if capable of remedy, is not remedied within thirty (30) days of such breach;
- (4) if, whilst the Subscriber continues to satisfy the relevant shareholding thresholds in the paragraph headed “Nomination Rights”, the Subscriber Director is removed from the Board by way of an ordinary resolution of Shareholders in accordance with the Articles, other than pursuant to a written request from the Subscriber or the Subscriber Director’s resignation, and the Company fails to convene a Board meeting at which the Board appoints the replacement Subscriber Director nominated by the Subscriber as a Director with immediate effect as soon as practicable and in any event within 5 Business Days of the Company receiving the relevant nomination from the Subscriber;
- (5) except with the prior written consent of all of the Bondholders, Mr. Wu Zeyuan ceases to be the chief executive officer of the Company or ceases to hold more than ten per cent (10%) of the Shares in the total issued Share capital of the Company;

- (6) the ratio of the EBITDA to the finance charges of the Company during any relevant period falls below five (5) times;
- (7) the ratio of the interest-bearing borrowed money to the total assets of the Company as at the last day of any relevant period exceeds fifty per cent (50%);
- (8) any of the fundamental representations and/or warranties given by the Company under the Subscription Agreement is found to have been untrue, inaccurate or misleading when given, and all other representations and/or warranties is found to have been untrue, inaccurate or misleading when given, so as to have or being reasonably likely to have a Material Adverse Effect;
- (9) any of the approvals referred to in sub-paragraph (h) under the paragraph headed “Conditions Precedent” above and any required approvals from any governmental authority or third party or other persons, is suspended, modified (so as to have a material adverse effect on any of the Transaction Documents or transactions contemplated thereunder) or revoked;
- (10) the Company or any of its principal subsidiaries transfers or disposes of any material assets (including any material intellectual property) outside of its ordinary and usual course of business, which transfer or disposal constitutes at least a “major transaction” under the Listing Rules, without the prior written consent of all of the Bondholders;
- (11) any step taken by any person, which in the Bondholders’ reasonable opinion, will or is likely to result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its principal subsidiaries;
- (12) it is or will become unlawful for the Company to perform or comply with any of its obligations under the Transaction Documents, which is incapable of remedy, or, if capable of remedy, is not remedied within 30 days thereof;
- (13) issuance by the auditor engaged by the Company of a qualified auditor’s report in relation to the Company or the Group;
- (14) cross-default:
 - (a) any other indebtedness of the Company or any of its principal subsidiaries (“**Indebtedness**”) becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like;

- (b) any Indebtedness is not paid when due and payable or within any applicable grace period;
- (c) the Company or any of its principal subsidiaries fails to pay when due any amount payable by it under any guarantee for or indemnity in respect of any Indebtedness;

in each case, provided that the aggregate amount of Indebtedness in relation to one or more events set out in this paragraph (14) equals to or exceeds US\$2.5 million (or its equivalent in any other currency);

- (15) a distress, attachment, execution, seizure before judgement or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of its principal subsidiaries and is not discharged within 10 Business Days;
- (16) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or any of its principal subsidiaries becomes enforceable or any step is taken to enforce it;
- (17) insolvency:
 - (a) the Company or any of its principal subsidiaries is insolvent, bankrupt or unable to pay its debts as and when they fall due;
 - (b) the Company or any of its principal subsidiaries stops or suspends, or threatens to stop or suspend, payment of any of its debts of an aggregate amount equal to or exceeding US\$2.5 million (or its equivalent in any other currency) as and when they fall due;
 - (c) the Company or any of its principal subsidiaries proposes or makes any agreement for the deferral, rescheduling or other readjustment of any of its debts excluding refinancing or other similar actions undertaken on normal commercial terms;
 - (d) the Company or any of its principal subsidiaries proposes or makes an arrangement or composition with or for the benefit of its creditors excluding refinancing or other similar actions undertaken on normal commercial terms;
 - (e) a moratorium is agreed or declared in respect of any part of the debts of the Company or any of its principal subsidiaries;

- (f) an administrator or liquidator of the Company or any of its principal subsidiaries or the whole or any material part of the assets or revenues thereof is appointed (or an application for any such appointment is made, save for frivolous or vexatious applications that are discharged, stayed or dismissed within ten (10) Business Days of the date thereof);
- (18) any action, legal proceedings or other procedure or step is taken against the Company or any of its principal subsidiaries in relation to suspension of payments, moratorium on any indebtedness, winding-up or dissolution except those which are frivolous or vexatious and is discharged, stayed or dismissed within 10 Business Days of commencement;
- (19) an order is made or a resolution is passed for the winding-up, judicial management, dissolution or administration of the Company or any of its principal subsidiaries, or the Company or any of its principal subsidiaries ceases or threatens to cease to carry on all or any material part of its business or operations; and
- (20) an event occurs which has an effect that is analogous to any of the events referred to in this paragraph headed “Events of Default”.

Conversion Price

The Conversion Price of HK\$6.00 per Conversion Share represents:

- (i) a premium of approximately 1.7% to the closing price of HK\$5.90 per Share as quoted on the Stock Exchange on May 20, 2025, being the date of the Subscription Agreement;
- (ii) a premium of approximately 4.1% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 16.4% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 24.0% to the average of the closing price of the Shares as quoted on the Stock Exchange since January 1, 2025.

The initial Conversion Price of HK\$6.00 per Conversion Share was determined after arm’s length negotiations between the Company and the Subscriber with reference to the average closing price of the Shares for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement and the average closing price of the Shares since January 1, 2025.

Conversion Shares

As at the date of this announcement, the Company has 4,565,729,280 Shares in issue.

Upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$6.00 per Conversion Share and based on the principal amount of the Convertible Bonds and all interests payable by the Company up to the initial Maturity Date, a maximum of 335,513,916 Conversion Shares will be allotted and issued by the Company, representing (i) approximately 7.35% of the existing total number of Shares in issue as at the date of this announcement; and (ii) approximately 6.85% of the total number of Shares in issue as enlarged by the allotment and issue of the Conversion Shares (assuming there is no change in the total number of Shares in issue from the date of this announcement and up to the date of full conversion of the Convertible Bonds).

The maximum aggregate nominal value of the Conversion Shares (upon exercise in full of the Conversion Rights at the initial Conversion Price of HK\$6.00 per Conversion Share and based on the principal amount of the Convertible Bonds and all interests payable by the Company up to the initial Maturity Date) will be US\$3,355.14 based on the nominal value of US\$0.00001 per Share.

Adjustments to the Conversion Price

The initial Conversion Price will be subject to adjustment in the following events:

- (1) changes to the number of issued Shares as a result of consolidation, subdivision or reclassification;
- (2) if and whenever the Company issues Shares credited as fully paid to Shareholders by a capitalization of profits or reserves and which would not have constituted a Capital Distribution;
- (3) in the case of an issue of Shares by way of a scrip dividend, where the total value of the Shares exceeds the amount of the aggregate cash dividend or distribution declared by the Company;
- (4) if and whenever the Company pays or makes any Capital Distribution in accordance with the terms and conditions of the Convertible Bonds to the Shareholders (except to the extent the Conversion Price falls to be adjusted under paragraphs (2) and (3) above), such adjustment shall become effective on the date such Capital Distribution is actually made, or, if a record date is fixed therefor, immediately after such record date. If the Capital Distribution is made by means of a cash dividend, the full amount of such cash dividend shall be regarded as a Capital Distribution and shall be taken into account in determining the fair market value of the Capital Distribution attributable to one Share;
- (5) if and whenever the Company issues or grants to Shareholders options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares or securities carrying rights of conversion into, exchange for or subscription for Shares (or grants such rights on existing securities) at a price per Share that is less than eighty five per cent (85%) of the current market price per Share;

- (6) if and whenever the Company issues or grants to Shareholders options, warrants or other rights to subscribe for, purchase or otherwise acquire securities;
- (7) if and whenever the Company issues wholly for cash or for no consideration Shares, or issues or grants options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares at a price per Share that is less than the current market price;
- (8) if and whenever the Company or any of its subsidiaries or any other person issues securities carrying rights of conversion into, exchange for, subscription for, purchase of or to otherwise acquire Shares issued or to be issued by the Company at a consideration per Share less than the current market price;
- (9) if and whenever there is modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to the securities referred to in paragraph (8) above, so that the consideration per Share has been reduced and is less than the current market price;
- (10) if and whenever the Company or any of its subsidiaries or any other person offers any securities carrying rights of conversion into, exchange for, subscription for, purchase of or to otherwise acquire Shares issued or to be issued by the Company to Shareholders; and
- (11) if the rights of conversion, exchange, subscription, purchase or acquisition attaching to any options, warrants or rights to subscribe for, purchase or acquire Shares or any securities convertible into or exchangeable for Shares are modified, or the Company or any Bondholder determines an adjustment should be made to the Conversion Price as a result of any circumstance not referred to in the above paragraphs (1) to (10).

No adjustments shall be made to the Conversion Price if Shares (or securities convertible into or exchangeable for Shares, or rights to subscribe for, purchase or otherwise acquire Shares) representing no more than the specified limit set out in the Bond Instrument are issued or granted to eligible participants under a share scheme or plan of the Company duly approved and adopted by the Company and in full compliance with the Listing Rules and subject to the limitations under the terms of the Bond Instrument.

PRINCIPAL TERMS OF THE BUSINESS COOPERATION AGREEMENT

The Subscriber and the Company contemplate entering into a Business Cooperation Agreement with respect to potential commercial cooperations including the following high-level principal terms:

A. Domestic and International E-commerce Cooperation:

The Subscriber (or its nominated affiliates) will prioritize the promotion of the Company's AI e-commerce tools on its global e-commerce platforms, assisting the Company in developing new tools and/or features for data-driven e-commerce image and video generation, in order to enhance the marketing and operational efficiency of merchants on the e-commerce platforms of the Subscriber (or its nominated affiliates).

B. AI Models and Technology:

The Subscriber (or its nominated affiliates) and the Company will cooperate and jointly develop various foundational models and vertical-domain large language models, including video generation models, image generation models, multimodal models and voice models.

C. Computing and Cloud Services:

The Company commits to purchasing cloud services from the Subscriber (or its nominated affiliates) for an aggregate of RMB560 million in the first 36 months following the execution of the Business Cooperation Agreement.

D. Other Innovative Initiatives:

The Subscriber (or its nominated affiliates) and the Company will explore innovative initiatives to create differentiated experiences and opportunities for participants across their respective platforms.

Unless otherwise agreed in writing by the Subscriber and the Company, the Business Cooperation Agreement shall terminate if the shareholding of the Subscriber and/or the Permitted Transferee (as the case may be) in the Company (on an as-converted basis) falls below 5% (the 5% threshold shall be assessed based on the Company's issued share capital at the time of Closing, considering only the dealing of Conversion Shares by the Subscriber and/or the Permitted Transferee (as the case may be) and excluding any dilution effects from the Company's issuance of Shares or similar corporate actions); or upon the occurrence of any other termination events specified in the Business Cooperation Agreement.

If the Subscriber and/or the Permitted Transferee (as the case may be) becomes a connected person of the Company as defined under the Listing Rules, the Company shall have no obligation to fulfill any commitments under the Business Cooperation Agreement unless it has complied with all applicable requirements of the Listing Rules. In such case, the Company shall promptly take all necessary measures to ensure compliance with the relevant regulations.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company from the date of this announcement until Closing and the time of conversion of the Convertible Bonds, and at the Conversion Price without any adjustments) are set out as follows:

Directors and substantial Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	Number of Shares	%	Number of Shares	%
The Subscriber	–	–	335,513,916	6.85
Wu Zeyuan	8,830,000	0.19	8,830,000	0.18
Xinhong Capital Limited <i>(Note 1)</i>	566,666,670	12.41	566,666,670	11.56
Longlink Capital Ltd <i>(Note 2)</i>	492,000,000	10.78	492,000,000	10.04
Baolink Capital Ltd <i>(Note 3)</i>	448,100,000	9.81	448,100,000	9.14
Other Shareholders	3,050,132,610	66.80	3,050,132,610	62.23
Total	<u>4,565,729,280</u>	<u>100.00</u>	<u>4,901,243,196</u>	<u>100.00</u>

Notes:

- (1) 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.
- (2) The entire interest of Longlink Capital Ltd is held by Longlink Limited, which in turn is held by Lion Trust (Singapore) Limited as the trustee for the benefit of Mr. CAI Wensheng.
- (3) The entire interest of Baolink Capital Ltd is held by Mr. CAI Wensheng.
- (4) The percentages of the holdings of Shares are calculated on the basis of 4,565,729,280 Shares in issue as at the date of this announcement.

As at the date of this announcement, the Company has no treasury Shares and no intention to transfer treasury Shares upon the Bondholders' exercise of the Conversion Rights.

INFORMATION ABOUT THE PARTIES

The Company

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries and contractually controlled entities and their subsidiaries are (i) to provide users with AI-driven Photo, video and design products to address their needs relating to images, videos, and designs and (ii) offering online advertising and other Internet value-added services through a globally popular portfolio of innovative image applications.

The Subscriber

The Subscriber, a limited liability company incorporated in Hong Kong, is principally engaged in the provision of management, business consultation, finance and legal advisory services and investment holding, and is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988 (HKD Counter) and 89988 (RMB Counter)). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that lasts for 102 years.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The issuance of the Convertible Bond and the Business Cooperation Agreement together present a compelling financial and business opportunity to the Company and foster a long-term partnership between the Company and the Subscriber.

The issuance of the Convertible Bond allows the Company to optimize its capital structure, increase its cash reserve for general working capital purposes as well as increase flexibility for acquisition of businesses related to AI-powered image, video and design products. In addition, the issue of Convertible Bonds will allow the Company, if the conversion rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of a reputable investor. The gross proceeds from the issue of the Convertible Bonds will be US\$250 million, and the net proceeds (after deduction of relevant expenses) will be approximately US\$249.6 million, each representing a net issue price of approximately HK\$5.82 per Conversion Share based on the initial Conversion Price. The intended use of the net proceeds will be for general business purposes.

The Directors consider that the issuance of the Convertible Bonds is an appropriate means of financing as it will not have any immediate dilution effect on the shareholding of the existing Shareholders. The Conversion Price is at a premium to the Company's historical trading prices as set out above. The interest rate of the Convertible Bonds will be 1% per annum which is lower than prevailing interest rates provided by financial institutions, and no security is required to be given by the Group in connection with the issue of the Convertible Bonds. The Directors have considered the terms of other convertible bonds issued by other listed issuers to subscribers who are independent third parties and would have strategic business cooperation with such other listed issuers, and noted that the terms of such convertible bonds and the terms of the Convertible Bonds (including the interest rates and maturity period) are comparable.

The Directors consider that the Subscription reflects the Subscriber's confidence in the Group's business fundamentals and growth potential. The Company and the Subscriber will foster a long-term strategic partnership by entering into the Business Cooperation Agreement to leverage their respective strengths for mutual growth. This collaboration will create synergies across multiple areas, including promoting domestic and international e-commerce cooperation, developing AI models and technology, computing and cloud services and other innovative initiatives.

The Directors are therefore of the view that (i) the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber; (ii) the Conversion Price represents a premium to the recent price of the Shares; and (iii) the interest payable by the Company to the Bondholders is comparatively lower than the market interest rate provided by financial institutions. Accordingly, the Directors consider that the Subscription (including terms of the Convertible Bonds) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities during the 12 months immediately before the date of this announcement.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate upon conversion of the Convertible Bonds. Under the General Mandate, the Company is authorised to issue up to 907,019,216 Shares until the revocation, variation or expiration of the General Mandate.

As at the date of this announcement, the Company is entitled to issue up to 907,019,216 Shares pursuant to the General Mandate. The issue of Conversion Shares under the General Mandate is not subject to the Shareholders' approval.

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

As the Subscription Agreement is subject to the Conditions Precedent contained therein and therefore may or may not proceed to Closing, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Agreed Rate”	the rate of exchange between US\$ and HK\$ at the rate of US\$1 to HK\$7.8178
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“Articles” or “Articles of Association”	the third amended and restated articles of association of the Company adopted at a general meeting held on June 5, 2024, as amended from time to time
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Bond Instrument”	the deed constituting the Convertible Bonds to be executed by the Company, the form of which is set out in the Subscription Agreement
“Business Cooperation Agreement”	the agreement to be entered into between the Subscriber and the Company (or persons nominated thereby), in relation to business cooperation and collaboration on certain areas, the high-level principal terms of which are set out in the Subscription Agreement
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in Hong Kong, the Cayman Islands and the PRC
“Capital Distribution”	any dividend or distribution by the Company (whether of cash or assets in specie, and whenever made and howsoever described), including without limitation a purchase or redemption of Shares by or on behalf of the Company, and an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof pursuant to paragraph (2) under the section headed “Adjustments to the Conversion Price”)
“Closing Date”	the date falling ten (10) Business Days after the fulfilment or waiver of the last of the Conditions Precedent in the Subscription Agreement, but not later than the Long Stop Date
“Closing”	the completion of the allotment and issue of and subscription for the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Company”	Meitu, Inc. 美图公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 25, 2013 and carrying on business in Hong Kong as “美圖之家” (in Chinese) as approved and registered with the Registrar of Companies in Hong Kong on October 28 and November 7, 2016, respectively and the Shares of which are listed on the Stock Exchange
“connected person(s)”	as defined under the Listing Rules

“Convertible Bond(s)”	the 1% US\$250 million convertible bonds of the Company, as constituted by the Company in accordance with the terms of the Bond Instrument and as issued by the Company in accordance with the terms of the Subscription Agreement
“Conversion Period”	The period beginning from the Issue Date up to the close of business on the date falling five (5) Business Days prior to the Maturity Date
“Conversion Price”	HK\$6.00 per Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds
“Conversion Right”	the rights of the Bondholders attached to the Convertible Bonds to convert the Convertible Bonds, in whole or in part, at any time during the Conversion Period, into Shares credited as fully paid
“Conversion Share(s)”	Shares that may be issued on conversion of the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds
“CSRC”	the China Securities Regulatory Commission
“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies 《境內企業境外發行證券和上市管理試行辦法》 and supporting guidelines issued by the CSRC on February 17, 2023
“Director(s)”	Director(s) of the Company
“General Mandate”	the general and unconditional mandate granted to the Directors by way of an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on June 5, 2024 to allot, issue and otherwise deal with new Shares not exceeding 20% of the total number of Shares in issue as at the date of passing of that resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	a third party(ies) independent of, and not connected with, the Company and its connected persons which has the meaning ascribed to it under the Listing Rules
“Issue Date”	the date on which the Convertible Bonds are initially issued under the Bond Instrument

“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	December 31, 2025 (or such other date as may be agreed by the parties in writing)
“Maturity Date”	the date falling on the third (3 rd) anniversary of the Issue Date (or such later date as may from time to time be agreed in writing between the Company and all of the Bondholders)
“Material Adverse Effect”	any event, circumstance, effect or combination thereof that is or is likely to be materially adverse to: (i) the Company or the Group as a whole (including without limitation the businesses, operations, business results, prospects or financial conditions thereof); or (ii) the ability of the Company or any Group company to perform their obligations under the Transaction Documents
“Permitted Transferee”	Alibaba Group Holding Limited, and its subsidiaries from time to time that are accounted for and consolidated in its audited consolidated accounts as subsidiaries pursuant to United States Generally Accepted Accounting Principles
“PRC”	the People’s Republic of China
“Relevant Event”	when (i) the Shares cease to be listed or admitted to trading on the Stock Exchange or are suspended from listing or trading on the Stock Exchange for a period of more than twenty (20) consecutive trading days, other than suspensions that are due solely to information technology-related or systemic irregularities on the part of the Stock Exchange not in any way attributable to the Company; or (ii) when there is a change of control of the Company (other than as a result of the exercise of the Conversion Right by Bondholders)
“Share(s)”	ordinary share(s) of par value US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Alibaba.com China Limited, a limited liability company incorporated in Hong Kong
“Subscription”	the subscription for the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated May 20, 2025 entered into between the Company and the Subscriber in relation to the Subscription
“subsidiary(ies)”	as defined in the Listing Rules
“Transaction Documents”	the Subscription Agreement, the Bond Instrument and the Business Cooperation Agreement
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, May 20, 2025

As at the date of this announcement, the executive Director is Mr. Wu Zeyuan (also known as Mr. Wu Xinhong); the non-executive Directors are Dr. Guo Yihong, Mr. Chen Jiarong and Mr. Hong Yupeng; the independent non-executive Directors are Mr. Zhou Hao, Mr. Lai Xiaoling and Ms. Poon Philana Wai Yin.