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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)

VOLUNTARY ANNOUNCEMENT MEITUEVE CONTRACTUAL ARRANGEMENTS

MEITUEVE CONTRACTUAL ARRANGEMENTS

Due to applicable laws and regulatory restrictions on foreign ownership in the telecommunications industry and certain other industries in the PRC (including the operation of mobile apps and websites, operation of mobile games and the provision of internet information services) and restrictions on foreign investors conducting value-added telecommunications services and certain other services such as Internet cultural services and Internet publishing services, the Group operates certain businesses, including part of the Smart Hardware Business that is subject to such foreign ownership restrictions (the “**Smart Hardware Restricted Business**”), in the PRC through Meitu Networks.

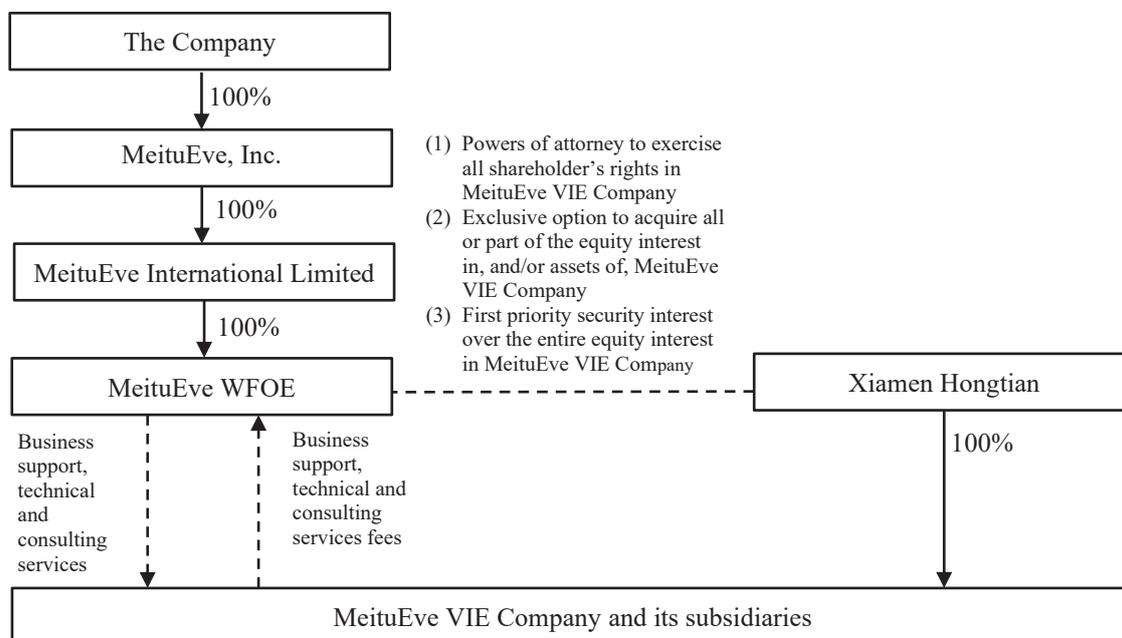
The Group sees opportunities to accelerate the growth of the Smart Hardware Business. In order to facilitate fundraising activities for the Smart Hardware Business, the Group transferred the Smart Hardware Business to a separate holding structure at the offshore and onshore levels. In July 2021, Meitu Networks transferred the Smart Hardware Restricted Business to MeituEve VIE Company for nil consideration, and MeituEve WFOE, MeituEve VIE Company and Xiamen Hongtian entered into the MeituEve Contractual Arrangements. Under the MeituEve Contractual Arrangements, Xiamen Hongtian is the sole nominee shareholder of MeituEve VIE Company.

The MeituEve Contractual Arrangements, having their terms and conditions substantially the same as those of the Previous Contractual Arrangements and the Existing Contractual Arrangements, were cloned therefrom, except for changes to the dates of the relevant agreements relating to the Previous Contractual Arrangements and the Existing Contractual Arrangements and the parties to those agreements.

The MeituEve Contractual Arrangements were entered into for the purposes of separating the Smart Hardware Business from the other businesses of the Group, thereby facilitating fundraising activities for the Smart Hardware Business.

As confirmed by the Company’s PRC legal advisor, the MeituEve Contractual Arrangements were (a) narrowly tailored to address limitations on foreign ownership under PRC laws to the extent practicable and designed to minimize the potential for conflict with relevant PRC laws and regulations, and (b) would not be deemed as “concealing illegal intentions with a lawful form” and void under PRC law.

The following simplified diagram illustrates the flow of economic benefits from MeituEve VIE Company and its subsidiaries to the Group under the MeituEve Contractual Arrangements:



“→” denotes direct legal ownership in equity interest and “----->” denotes contractual relationship.

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Wu is the Chief Executive Officer, executive Director, and substantial shareholder of the Company and a shareholder of Xiamen Hongtian as to 99%, the MeituEve Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of the Listing, the Company sought, and the Stock Exchange granted, the IPO Waiver in connection with the continuing connected transactions of the Group in the form of the Previous Contractual Arrangements, which later became the Existing Contractual Arrangements. The IPO Waiver is subject to certain conditions including, among others, that on the basis that the contractual arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding on one hand, and Meitu Networks, on the other hand, that framework may be renewed and/or cloned upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Previous Contractual Arrangements.

The Group has had a Smart Hardware Business since the time of its IPO on the Stock Exchange and, throughout the years, having leveraged on the face detection technology, facial point detection technology, high megapixel front-and-back facing cameras that permit high-image quality in low-light condition, as well as proprietary image processing algorithm and specialized image processors from the Group's smartphones, different beauty-related smart hardware products (such as MeituEve (a commercial artificial intelligence skin analyser), MeituKey (a contact skin analyser), MeituSpa (an artificial intelligence cleansing brush) and Meitu Genius (an artificial intelligence smart mirror)) have been developed organically to leverage the Group's ecosystem around beauty. The Company's PRC legal advisor has confirmed that the Smart Hardware Restricted Business is the same business, and is subject to the same foreign investment restrictions, as the other business segments of the Group that are subject to foreign investment restrictions.

Since the MeituEve Contractual Arrangements were cloned from the Previous Contractual Arrangements (from which the Existing Contractual Arrangements were also cloned) as provided under the conditions of the IPO Waiver, the Company sought confirmation from the Stock Exchange, and the Stock Exchange confirmed, that the transactions contemplated under the MeituEve Contractual Arrangements would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are therefore exempt from (i) the announcement, circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, (ii) the requirement of setting annual caps for the transactions under the MeituEve Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the MeituEve Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, subject to the continued compliance with the same conditions as set out in the IPO Waiver in respect of the Previous Contractual Arrangements.

Upon the execution of the MeituEve Contractual Arrangements, the financial results of MeituEve VIE Company and its subsidiaries will continue to be consolidated into the Company's financial statements as if they were subsidiaries of the Company. The Company has confirmed with its auditors on such accounting treatment.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Meitu, Inc. (Stock Code: 1357), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Existing Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Meitu Home, Meitu Networks, Mr. Wu and Xiamen Hongtian, details of which are described in the announcement of the Company dated March 17, 2021 and in the section headed “Contractual Arrangements” in the Prospectus
“Group”	the Company and its subsidiaries, together with Meitu Networks and MeituEve VIE Company and their respective subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Contractual Arrangements, (ii) the requirement of setting annual caps for the transactions under the Existing Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Existing Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, subject to certain conditions, details of which are disclosed in the section headed “Connected Transactions” in the Prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Meitu Home”	Xiamen Home Meitu Technology Co., Ltd.*(廈門美图之家科技有限公司), a company established in the PRC on October 14, 2013, and a subsidiary of the Company
“Meitu Networks”	Xiamen Meitu Networks Technology Co., Ltd.*(廈門美图網科技有限公司)(formerly known as Xiamen Shuzi Qingyuan Networks Technology Co. Ltd.(廈門數字情緣網科技有限公司)and Xiamen Networks Zhiyuan Xinxi Technology Co. Ltd(廈門網之源信息科技有限公司)), a company established in the PRC on June 18, 2003, owned by Mr. Wu and Xiamen Hongtian as to 51% and 49%, respectively
“MeituEve Contractual Arrangements”	the series of contractual arrangements entered into by MeituEve WFOE, MeituEve VIE Company and Xiamen Hongtian

“MeituEve, Inc.”	MeituEve, Inc. (formerly known as Meipai Ltd), a company incorporated in the Cayman Islands with limited liability on June 2, 2015 and a subsidiary of the Company
“MeituEve International Limited”	MeituEve International Limited, a company incorporated in Hong Kong with limited liability on June 26, 2020 and a subsidiary of MeituEve, Inc.
“MeituEve VIE Company”	Xiamen MeituEve Network Services Co., Ltd.*(廈門美图宜膚網絡服務有限公司)a limited liability company incorporated under the laws of the PRC on May 19, 2021 and a subsidiary of Xiamen Hongtian
“MeituEve WFOE”	Xiamen MeituEve Technology Co., Ltd.*(廈門美图宜膚科技有限公司), a limited liability company incorporated under the laws of the PRC on February 4, 2021 and a subsidiary of the Company
“Mr. Wu”	Mr. Wu Zeyuan(吳澤源), also known as Mr. Wu Xinhong(吳欣鴻), the Company’s founder, Chief Executive Officer and executive Director
“Ms. Chen”	Ms. Chen Cuie, the Group’s Finance Director who has been employed by the Group for over 7 years and a director of a number of the Group’s subsidiaries.
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan.
“Previous Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Meitu Home, Meitu Networks and its then nominee shareholders, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Prospectus”	the prospectus of the Company dated December 5, 2016
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Smart Hardware Business”	The smart hardware business of the Group, involving the production of, among other things, MeituEve (a commercial artificial intelligence skin analyser), MeituKey (a contact skin analyser), MeituSpa (an artificial intelligence cleansing brush) and Meitu Genius (an artificial intelligence smart mirror)

“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Xiamen Hongtian ”	Xiamen Hongtian Chuangfu Technology Co., Ltd.* (廈門鴻天創富 科技有限公司), a company established in the PRC on June 5, 2020 and owned by Mr. Wu as to 99% and by Ms. Chen as to 1%
“%”	Percent

* For identification purpose only

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

Hong Kong, July 30, 2021

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