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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 NEW CONTRACTUAL ARRANGEMENTS AND NEW DAJIE VIE AGREEMENTS

NEW CONTRACTUAL ARRANGEMENTS

Due to applicable laws and regulatory restrictions on foreign ownership in the telecommunications industry in the PRC (including the operation of mobile apps and websites, provision of online audio-visual program services, operation of mobile games and the provision of internet information services) and restrictions on foreign investors conducting value-added telecommunications services and online audio-visual program services, the Group operates certain businesses in the PRC through Meitu Networks. Further details are disclosed in the section headed “Contractual Arrangements” in the Prospectus. The Group had in place the Existing Contractual Arrangements, which were designed to allow the Company to exercise control over the operations of Meitu Networks and enjoy the economic benefits generated by Meitu Networks. Under the Existing Contractual Arrangements, the nominee shareholders of Meitu Networks were Mr. Wu as to 51% and Ms. Cai as to 49%.

Due to the change of one of the nominee shareholders of Meitu Networks from Ms. Cai to Xiamen Hongtian (the “**Equity Transfer**”), a company owned by Mr. Wu as to 99% and by Ms. Chen as to 1%, in January 2021, 2020, Meitu Home, Meitu Networks and the Nominee Shareholders of Meitu Networks entered into the New Contractual Arrangements with the Existing Contractual Arrangements terminated simultaneously. Under the New Contractual Arrangements, the Nominee Shareholders of Meitu Networks are Mr. Wu as to 51% and Xiamen Hongtian as to 49%. The consideration for the Equity Transfer was a payment of RMB1.00 by Xiamen Hongtian to Ms. Cai.

The New Contractual Arrangements, having their terms and conditions substantially the same as those of the Existing Contractual Arrangements, were cloned from the Existing Contractual Arrangements, except for changes to the dates of the relevant agreements relating to the Existing Contractual Arrangements and the parties to those agreements – where Xiamen Hongtian replaced Ms. Cai as a Nominee Shareholder of Meitu Networks.

The New Contractual Arrangements were entered into for the purposes of (i) ensuring better administrative efficiency of Meitu Networks and maximum alignment of the interests of the Company’s shareholders with those of the Nominee Shareholders of Meitu Networks and (ii) reducing the likelihood of cloning a new series of contractual arrangements as a result of any future changes in the nominee individual shareholder of Meitu Networks by designating Xiamen Hongtian as one of the Nominee Shareholders.

The Company's PRC legal advisor has confirmed that except as disclosed in the Prospectus: (i) the New Contractual Arrangements are valid, legal and binding under PRC laws except for the specific matters set out on pages 168 and 173 to 174 of the Prospectus relating to the remedies, reliefs and orders that may be granted by an arbitral body and the enforceability of interim remedies or orders granted by overseas courts in the PRC; (ii) the New Contractual Arrangements do not violate relevant PRC laws, rules and regulations currently in effect in all material respects; and (iii) the New Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" and void under PRC contract law for the reasons set out on page 176 of the Prospectus.

The Company has been advised by its PRC legal advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the above opinion of its PRC legal advisor. Similar to what was disclosed on pages 46 to 47 of the Prospectus in respect of the risk relating to the Company's contractual arrangements, the Company been further advised by its PRC Legal Advisor that if the PRC government finds that the New Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the relevant businesses conducted by Meitu Networks, the Company could be subject to severe penalties or be forced to relinquish its interests in those operations.

Ruisheng Tianhe and Shengnuo Culture

Meitu Networks entered into an investment agreement with the shareholders of Ruisheng Tianhe in 2018 to acquire Ruisheng Tianhe, which has engaged in the provision of advertising services and, at the time of the acquisition, made specific, near-term business plans to move into the game publishing industry in the PRC which necessitates the Internet content provider license for the provision of Internet information services, the Internet culture operation license and the Internet publishing service license. Ruisheng Tianhe is currently owned by Meitu Networks as to approximately 65.33% and by the minority shareholders of Ruisheng Tianhe as to approximately 34.67%. The Minority Shareholders are founding shareholders of Ruisheng Tianhe, who are experienced in the fields of media agency, gaming and consumer goods, and are actively involved in the management and daily operations of Ruisheng Tianhe. Ms. Liu Na is a substantial shareholder of Ruisheng Tianhe and currently serves as a director and the legal representative of Ruisheng Tianhe, while Ms. Chen Xi has served as a director of Ruisheng Tianhe within 12 months immediately prior to the date of this announcement, they are therefore connected persons of the Company at a subsidiary level. Save and except for the above relationship, the Minority Shareholders are third parties independent of the Company and its connected persons (as defined in the Listing Rules). As of the date hereof, the registered capital of Ruisheng Tianhe is RMB17,500,100.

Due to the increasingly fierce competition in the advertising industry in the PRC, Ruisheng Tianhe began planning for diversifying into the game publishing business at the beginning of 2018, and has since conducted industry research and due diligence in the gaming industry. Ruisheng Tianhe identified a suitable game and recruited a team for its game publishing business (the "**Game Publishing Team**") at the beginning of 2020. However, the game was subsequently acquired by a major gaming company. The Game Publishing Team is currently responsible for helping Ruisheng Tianhe's customers in the gaming business to acquire users by growing and increasing traffic in their games. To prepare for its launch into the game publishing business in the PRC, Ruisheng Tianhe submitted an application in August 2020 to apply for a value-added telecommunications service operating permit (a "**VATS Permit**"), which was issued to Ruisheng Tianhe in November 2020. Further details and updates on the status of the Game Publishing Team can be found in the Ruisheng Tianhe Supplemental Announcement.

Shengnuo Culture was founded in 2018 by a few Douyin(抖音)KOLs and has a registered capital of RMB1 million as of the date hereof. Previously, Shengnuo Culture was primarily engaged in the advertising and business agency business for KOLs in the PRC. Shengnuo Culture had been loss making since its establishment. Ruisheng Tianhe later acquired 100% of the equity interest in Shengnuo Culture from its shareholders in January 2019 in order to acquire and leverage on Shengnuo Culture's network and resources in the KOLs market in the PRC. The shareholders of Shengnuo Culture (before its acquisition by Ruisheng Tianhe) were third parties independent of the Company and its connected persons (as defined in the Listing Rules).

After Ruisheng Tianhe's acquisition of Shengnuo Culture, Shengnuo Culture's network, resources and businesses have been absorbed by Ruisheng Tianhe, and as such, Shengnuo Culture does not currently carry on any business, and Ruisheng Tianhe is taking steps to deregister Shengnuo Culture.

Save and except for the transactions disclosed in the Ruisheng Tianhe Announcement, the acquisitions of equity interests in Ruisheng Tianhe and Shengnuo Culture did not constitute notifiable transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules.

Although Ruisheng Tianhe currently engages in the provision of advertising services, which is not subject to any restrictions on foreign ownership under PRC laws (the “**Unrestricted Business**”), Ruisheng Tianhe has obtained the VATS Permit in order to be ready to commence, and integrate its existing business operations with, its game publishing business once a suitable game is identified and any other required permits have been obtained. Taking into account the business developments with regard to the integration of the game publishing business of Ruisheng Tianhe with its advertising business as described above and the fact that Ruisheng Tianhe now possesses a VATS Permit, the Directors believe that the New Contractual Arrangements are narrowly tailored to address limitations on foreign ownership under PRC laws to the extent practicable in accordance with Guidance Letter HKEX-GL 77-14.

FUTURE PLANS WITH RESPECT TO RUISHENG TIANHE

As disclosed in the Ruisheng Tianhe Announcement, since Meitu Networks' entry into the investment agreement with the shareholders of Ruisheng Tianhe to acquire Ruisheng Tianhe was almost three years ago, the businesses of Ruisheng Tianhe have developed in such a manner that it has become necessary for it to consider additional forms of financing to effectively execute its future business development plans, including the proposed diversification described above. The Company has been in discussions with the Minority Shareholders and have preliminarily formed the view that it may be advantageous for the future development of Ruisheng Tianhe (and thereby in the interest of all of the shareholders of Ruisheng Tianhe) for it to pursue a separate listing of its shares on a domestic PRC stock exchange, for which retention of the existing domestic businesses will be necessary. The Company and the Minority Shareholders have taken concrete steps as disclosed in the Ruisheng Tianhe Announcement towards conducting the restructuring for the purposes of facilitating a separate listing of Ruisheng Tianhe's shares on a domestic PRC stock exchange.

As of the date of this announcement, no specific actions have been taken with respect to a potential separate listing of Ruisheng Tianhe. Any such separate listing of Ruisheng Tianhe on a domestic PRC stock exchange would be subject to compliance with applicable requirements of Practice Note 15 of the Listing Rules as well as approval from applicable PRC regulatory authorities, among other requirements. Investors are therefore cautioned that any such separate listing of Ruisheng Tianhe may or may not proceed.

The Company will make further announcement(s) regarding Ruisheng Tianhe if there are material developments with respect to the plans outlined above.

NEW DAJIE VIE AGREEMENTS

Reference is made to the announcements of the Company dated August 28, 2019, October 28, 2019 and November 19, 2019 in relation to the Company's acquisition of approximately 57.09% effective equity interest in Dajie Net.

In March 2021, Mr. Yu Minhong (俞敏洪), Ms. Cai Shuting (蔡舒婷) and 米林隆領投資有限公司 (Milin Longling Investment Co., Ltd.) owning, respectively, 4.04%, 3.44% and 2.67% in the equity interest of the Dajie Onshore Target Company transferred all of their equity interests (the “**Dajie Equity Transfers**”) in the Dajie Onshore Target Company to Meitu Networks, thereby increasing its equity interest in the Dajie Onshore Target Company from approximately 75.37% to approximately 85.52%. The Dajie Equity Transfers involved no consideration.

The VIE Agreements (as defined in the Dajie Announcement) were terminated and a new series of VIE agreements (the “**New Dajie VIE Agreements**”), the terms of which were cloned from the VIE Agreements except for changes to the dates and the parties to those agreements, were entered into between the Relevant Shareholders (as defined in the Dajie Announcement) other than Mr. Yu Minhong (俞敏洪), Ms. Cai Shuting (蔡舒婷) and 米林隆領投資有限公司 (Milin Longling Investment Co., Ltd.), who ceased to be the registered shareholders of the Dajie Onshore Target Company following the Dajie Equity Transfers.

The New Dajie VIE Agreements were entered into for the purposes of ensuring better administrative efficiency of the Dajie Onshore Target Company and maximum alignment of the interests of the Company's shareholders with those of the Nominee Shareholders of the Dajie Onshore Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Wu is the Chief Executive Officer, executive Director, and substantial shareholder of the Company, the New Contractual Arrangements constitute continuing connected transactions 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 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 Existing Contractual Arrangements.

Since the New Contractual Arrangements were cloned from the Existing Contractual Arrangements 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 New 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 New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New 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 Existing Contractual Arrangements.

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

As the VIE Agreements relating to Dajie Onshore Target Company did not constitute connected transactions under Chapter 14A of the Listing Rules, the Company does not need to rely on the conditions of the IPO Wavier to enter into the New Dajie VIE Agreements cloned from the VIE Agreements (as defined in the Dajie Announcement).

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
“Dajie Announcement”	the announcement of the Company dated August 28, 2019
“Dajie HK”	Dajie Net Hong Kong Limited(大街網香港有限公司), a limited liability company 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 and a holding company that directly wholly owns Dajie HK
“Dajie 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

“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 and its then nominee shareholders, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Group”	the Company and its subsidiaries, together with Meitu Networks and its 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
“KOL(s)”	Key opinion leader(s)
“Listing”	the listing of our 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 Networks”	Xiamen Meitu Networks Technology Co., Ltd.(廈門美圖網科技有限公司)(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 Xinxin 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 (after completion of the Equity Transfer)
“Minority Shareholders”	the minority shareholders of Ruisheng Tianhe holding approximately 34.67% equity interest in Ruisheng Tianhe as at the date of this announcement, namely, Ms. Liu Na (as to approximately 25.19%), Ms. Chen Xi (as to approximately 4.54%), Mr. Liu Renying (as to approximately 1.74%) and Ms. Luo Huifang (as to approximately 3.20%)

“Mr. Cai”	Mr. Cai Wensheng(蔡文胜), our founder, chairman, executive Director and an authorized representative
“Mr. Wu”	Mr. Wu Zeyuan(吳澤源), also known as Mr. Wu Xinhong(吳欣鴻), our founder, Chief Executive Officer and executive Director
“Ms. Cai”	Ms. Cai Shuting, daughter of Mr. Cai
“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
“New Contractual Arrangements”	the series of contractual arrangements entered into by and among Meitu Home, Meitu Networks and the Nominee Shareholders
“Nominee Shareholders”	Mr. Wu and Ms. Cai (prior to completion of the Equity Transfer) and Mr. Wu and Xiamen Hongtian (after completion of the Equity Transfer)
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated December 5, 2016
“Ruisheng Tianhe”	Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd.* (睿晟天和(北京)傳媒科技有限公司, formerly known as Ruisheng Advertising (Beijing) Co., Ltd.*(睿晟廣告(北京)有限公司)), a non-wholly owned subsidiary of Meitu Networks
“Ruisheng Tianhe Announcement”	the announcement of the Company dated December 25, 2020, in respect of, inter alia, the disposal of approximately 14.86% equity interest in Ruisheng Tianhe by Meitu Networks to the Minority Shareholders
“Ruisheng Tianhe Supplemental Announcement”	the supplemental announcement of the Company dated February 9, 2021, containing supplemental information to the Ruisheng Tianhe Announcement
“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

“Shengnuo Culture”	Shengnuo (Beijing) Culture Media Co., Ltd.* (晟諾(北京)文化傳媒有限公司), a wholly owned subsidiary of Ruisheng Tianhe and an indirect non-wholly owned subsidiary of Meitu Networks
“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

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

Hong Kong, March 17, 2021

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