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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 “美圖之家”)

(Stock Code: 1357)

DISCLOSEABLE TRANSACTION ACQUISITION OF A PROPERTY

THE ACQUISITION

On September 2, 2020, Meitu Home, an indirect wholly owned subsidiary of the Company, entered into the Property Acquisition Agreements with the Vendor, pursuant to which the Vendor has agreed to sell and Meitu Home has agreed to purchase the Property, at an aggregate cash consideration of approximately RMB359.19 million.

IMPLICATIONS UNDER THE LISTING RULES

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

THE ACQUISITION

The Board announces that on September 2, 2020, Meitu Home entered into the Property Acquisition Agreements with the Vendor, pursuant to which the Vendor has agreed to sell and Meitu Home has agreed to purchase the Property, at an aggregate cash consideration of approximately RMB359.19 million. The principal terms of each of the Property Acquisition Agreements when read together are as follows:

- Parties:**
- 1) 廈門火炬集團有限公司 (Xiamen Torch Group Company Limited*) as vendor
 - 2) Meitu Home as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

The Property: An office building 美峰科創公園2#樓 (Meifeng Science and Technology Park Building No. 2*) situated at 中國廈門環東海域濱海西大道以西 (近觀州路)(the west of Binhai West Avenue (near Guanzhou Road), East China Sea Ring, Xiamen, the PRC*) and having a total construction area of approximately 34,208.89 square meters, out of which the built-in construction area is approximately 24,518.10 square meters and the public part has a shared construction area of approximately 9,690.79 square meters.

The Consideration

The Consideration is in aggregate approximately RMB359.19 million, which shall be satisfied in cash and payable by Meitu Home to the Vendor in the following manner:

- 10% of the Consideration as deposit by September 9, 2020; and
- the remaining 90% of the Consideration as final payment by October 30, 2020.

The Consideration was determined after arm's length negotiations between the Vendor and Meitu Home having taken into account (i) the prevailing market value of similar properties in the vicinity of the Property and (ii) the benefits as described under the paragraph headed "Reasons for and benefits of the Acquisition" in this announcement.

The Acquisition will be funded by the internal resources of the Group.

Completion

Subject to customary conditions precedent generally applicable to similar property acquisition transactions in the PRC, completion of the Acquisition shall take place on or before November 1, 2020, or on such other date as may be mutually agreed between the Vendor and Meitu Home.

Termination

The Property Acquisition Agreements contain various customary termination events and penalties similar to other property acquisition transactions in the PRC, including but not limited to the following circumstances:

- (i) If Meitu Home fails to pay any part of the Consideration within 10 days after the relevant due date for payment, the Vendor shall be entitled to issue a payment reminder to Meitu Home. If Meitu Home continues to fail to pay such part of the Consideration by 10 days after the date of such payment reminder, then the Vendor may elect to terminate the Property Acquisition Agreements.

- (ii) If relevant PRC governmental department approves a change in planning usage, area, volume rate, basic facilities, public services and other supporting facilities or design that affects the quality or function of the Property, then Meitu Home may elect to terminate the Property Acquisition Agreements within 15 days from the date of such approval.
- (iii) If the quality of the main structure of the Property is defective, then the Property Acquisition Agreements shall terminate and the Vendor shall refund all amounts paid by Meitu Home to Meitu Home together with 5% of such amounts as liquidated damages.
- (iv) Occurrence of a force majeure event.
- (v) Upon the mutual agreement of Meitu Home and the Vendor to terminate the Property Acquisition Agreements.

If the Property Acquisition Agreements are terminated due to Meitu Home's default, then Meitu Home shall pay to the Vendor an amount equals to 20% of the Consideration as liquidated damages and shall indemnify the Vendor against all liabilities, losses, damages, costs and expenses which the Vendor may suffer or incur consequent on or arising out of such default.

If the Property Acquisition Agreements are terminated due to the Vendor's default (the situation described in (iii) above shall be dealt with in the manner specified in (iii) above), then the Vendor shall within 30 days refund all amounts paid by Meitu Home to Meitu Home together with accrued interest calculated based on the current deposit interest rate announced by the People's Bank of China for such period and all taxes and fees advanced by Meitu Home to the Vendor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the 2020 Interim Results Announcement, the Group, which is headquartered in Xiamen, had a total of 1,558 full-time employees as at June 30, 2020, the majority of whom were based in the PRC. Since the Group's establishment, it has leased office premises as workspace for its personnel and has absorbed increasing rental expenses on a price per square meter basis year-over-year.

Following the Acquisition, the Property, located in Xiamen's Meifeng Science and Technology Park, will be used as the Group's new headquarters and the Group will no longer be required to pay rental costs for its headquarters or be subject to any rises in such costs.

The Board believes that the Acquisition will also enable the Group to:

- facilitate centralization of its management and operation and enhance its operational efficiency, cohesion and internal communication;
- support its business expansion plans and future growth in the long run; and
- broaden its fixed asset base with potential capital appreciation.

Having considered that the Property Acquisition Agreements were entered into on normal commercial terms with the purchase price being determined with reference to the market value of similar properties in the vicinity of the Property, the Directors are of the view that the terms of the Property Acquisition Agreements are fair and reasonable and the Acquisition in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE VENDOR

As far as the Company is aware and after making reasonable enquiries, the Vendor is a state-owned enterprise established in the PRC and principally engaged in property development.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of online advertising and other Internet value-added services by offering a portfolio of innovative photo and community apps (the “**Meitu Apps**”) that enjoys popularity in the PRC and overseas.

INFORMATION ABOUT MEITU HOME

Meitu Home is an indirect wholly owned subsidiary of the Company established under the laws of the PRC. Its principal business is research and development of the Meitu Apps.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“2020 Interim Results Announcement”	The 2020 interim results announcement of the Company published on August 26, 2020
“Acquisition”	the acquisition of the Property by Meitu Home from the Vendor pursuant to the terms and conditions of the Property Acquisition Agreements
“Board”	the board of Directors
“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
“Consideration”	the consideration for the Acquisition
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and together with its subsidiaries and Xiamen Meitu Networks Technology Co., Ltd. and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Meitu Home”	廈門美圖之家科技有限公司 (Xiamen Home Meitu Technology Co., Ltd.*), a company established in the PRC on October 14, 2013, and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“Property”	an office building 美峰科創公園2#樓 (Meifeng Science and Technology Park Building No. 2*) situated at 中國廈門環東海域濱海西大道以西(近觀州路) (the west of Binhai West Avenue (near Guanzhou Road), East China Sea Ring, Xiamen, the PRC*) and having a total construction area of 34,208.89 square meters, out of which the built-in construction area is 24,518.10 square meters and the public part has a shared construction area of 9,690.79 square meters
“Property Acquisition Agreements”	a set of property acquisition agreements dated September 2, 2020 entered into between Meitu Home and the Vendor in relation to the Acquisition (with each such agreement being in respect of a specific floor or space of which the Property is comprised)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	廈門火炬集團有限公司 (Xiamen Torch Group Company Limited*) a company established in the PRC
“%”	percent

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

Hong Kong, September 2, 2020

* *For identification purpose*

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.