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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)

**DISCLOSEABLE TRANSACTION
EQUITY FINANCING OF THE COMPANY’S
WHOLLY-OWNED
SUBSIDIARY PIXOCIAL HOLDINGS LTD**

**COMPANY’S WHOLLY-OWNED SUBSIDIARY PIXOCIAL OBTAINS
SERIES A EQUITY FINANCING FROM INTERNATIONALLY
RENOWNED FUNDS**

The Share Subscription Agreement in relation to the Equity Financing for Pixocial (a direct wholly-owned subsidiary of the Company) was entered into on 12 October 2023 (after trading hours), through which the Company will raise an aggregate amount of US\$22,000,000 for Pixocial. The lead Investor in the Equity Financing is Eight Roads, a global proprietary investment firm backed by Fidelity, whose successful investments include, among others, global leading e-commerce platform Alibaba and leading cross-border payment service provider PingPong. In addition, two special funds under FutureX (namely, FutureX A7 and FutureX ICT) together with the Company will also participate in the Equity Financing as fellow Investors.

Developing image productivity apps and to ‘expand globally’ are core strategies of the Company. The introduction of internationally renowned funds will provide additional working capital for the Company’s global business, enhance its brand image, and broaden its global perspective. The Company believes that the introduction of the aforementioned Investors will help further drive Pixocial’s business into the global ecosystem. For example, by leveraging on an extensive global partnership network, the aforementioned Investors can bring top industry resources to Pixocial and share unique professional insights from different markets.

After Completion, the Company will continue to hold approximately 80.62% of Pixocial’s shares (on a fully-diluted basis), and the financial results of Pixocial will continue to be consolidated into the consolidated financial statements of the Company.

1. DEEMED DISPOSAL OF EQUITY INTEREST IN PIXOCIAL

On 12 October 2023 (after trading hours), Pixocial (a direct wholly-owned subsidiary of the Company), Pixocial Singapore (a direct wholly-owned subsidiary of Pixocial), the Management Holders, the Company, Eight Roads, FutureX A7 and FutureX ICT entered into the Share Subscription Agreement.

The principal terms of the Share Subscription Agreement are as follows:

Date

12 October 2023

Parties

- (1) Pixocial;
- (2) Pixocial Singapore;
- (3) Mr. Wu;
- (4) Mr. Song;
- (5) the Company;
- (6) Eight Roads;
- (7) FutureX A7; and
- (8) FutureX ICT.

(each a “**Party**” and collectively, the “**Parties**”)

Subject Matter and Consideration

Pursuant to the Share Subscription Agreement, each of Eight Roads, FutureX A7, FutureX ICT and the Company agreed to subscribe for 8,970,219 Series A Preference Shares, 4,485,110 Series A Preference Shares, 3,588,088 Series A Preference Shares and 2,691,066 Series A Preference Shares respectively (i.e. 19,734,483 Series A Preference Shares in aggregate), for a consideration of US\$10,000,000, US\$5,000,000, US\$4,000,000 and US\$3,000,000, respectively (i.e. US\$22,000,000 in aggregate). The consideration is to be paid in cash by each Investor to Pixocial.

The consideration payable under the Share Subscription Agreement represents a subscription price of approximately US\$1.1148 per Series A Preference Share, and was determined based on arm's length negotiations between the Parties, taking into account, *inter alia*, (i) the financial performance and the business prospect of the Target Business; (ii) the market position of Pixocial in the industry where it operates; (iii) 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; and (iv) the adjusted price-to-earnings ratio of approximately 12.69¹ which assumes completion of the internal reorganisation pursuant to the Share Subscription Agreement and the resulting unaudited pro forma consolidated after tax net profits of Pixocial (the "**Pro Forma After Tax Net Profits**"), determined by dividing (a) the price per share of Pixocial (being US\$1.1148 per share) by (b) the earnings per share of Pixocial calculated based on the Pro Forma After Tax Net Profits for the year ended 31 December 2022.

Conditions Precedent

The obligations of each Investor to consummate its respective Completion are conditional upon the satisfaction or waiver of all of the following conditions precedent (to the extent applicable to such Investor):

- (1) (i) all of the fundamental warranties as set forth in the Share Subscription Agreement shall be true and correct as at the date of the Share Subscription Agreement and the applicable Completion date; and (ii) all of the business warranties as set forth in the Share Subscription Agreement shall be true and correct in all material respects as at the date of the Share Subscription Agreement and the applicable Completion date;
- (2) each of the Warrantors shall have performed and complied with all obligations set out in the transaction documents that are required to be performed or complied with by it on or before the applicable Completion date in all material respects;
- (3) all internal corporate proceedings of the Warrantors in connection with the transactions to be completed at the applicable Completion date and all documents incidental thereto with respect to the Share Subscription Agreement and the other transaction documents and the transactions contemplated thereby shall have been completed; the restated articles of association of Pixocial shall have been duly adopted and shall take effect from the Initial Completion date under the applicable laws of the Cayman Islands;
- (4) no provision of any applicable laws shall prohibit the consummation of any transactions contemplated by the transaction documents. Each Warrantor shall have obtained all consents necessary for the execution of, and the consummation of the transactions contemplated by, the Share Subscription Agreement and the transaction documents which shall remain effective as at the applicable Completion date;

¹ **Note:** The figure was calculated based on the average prevailing exchange rate of RMB against US\$ in 2022.

- (5) there shall have been no event which have or could be reasonably expected to have a material adverse effect on the Target Business taken as a whole (including but not limited to the occurrence of any Blocking Event); or material impairment of the qualifications or abilities of Pixocial and its subsidiaries, taken as a whole, in carrying out the Target Business; or material impairment of the validity or enforceability of the transaction documents against Pixocial and its subsidiaries or any Key Holder, or any material impairment on the abilities of Pixocial and its subsidiaries or any Key Holder to execute or perform their respective obligations under any transaction document in any material respect;
- (6) in the case of Eight Roads and FutureX only, Pixocial shall have taken necessary corporate actions such that immediately following the applicable Completion date, each of Eight Roads and FutureX shall have nominated and appointed one (1) director to the board of Pixocial;
- (7) in the case of Eight Roads and FutureX only, an indemnification agreement shall have been duly executed between Pixocial and the applicable director nominated and appointed by Eight Roads and FutureX;
- (8) each of the key employees of Pixocial and its subsidiaries as identified in the Share Subscription Agreement shall have entered into an employment contract and a confidentiality, proprietary information and invention assignment and non-competition agreement with the relevant member of Pixocial and its subsidiaries; Mr. Wu shall have entered into a director appointment agreement with Pixocial;
- (9) in the case of Eight Roads only, it shall have received all necessary internal approvals, including approval by its investment committee, of the transactions contemplated by the transaction documents;
- (10) all requisite reorganisation steps and transactions specified to be completed prior to the Completion date shall have been completed and evidence of such completion shall have been delivered to such Investor;
- (11) 7,642,626 Ordinary Shares shall be reserved for the Pixocial Option Scheme for issuance to certain employees, directors and consultants of Pixocial and its subsidiaries, and 1,910,657 Ordinary Shares thereof shall be duly granted to each of Mr. Wu and Mr. Song;
- (12) in the case of Eight Roads only, the relevant parties shall have executed and delivered to it a certain non-solicitation undertaking letter; and
- (13) the Warrantors shall have delivered to such Investor a certificate of compliance certifying that all of the applicable conditions precedent have been fulfilled.

The obligations of Pixocial to consummate the applicable Completion with respect to an Investor are conditional upon the satisfaction or waiver of all of the following conditions precedent:

- (1) all of the Investor warranties of such Investor as set forth in the Share Subscription Agreement shall be true and correct as at the date of the Share Subscription Agreement and the applicable Completion date;

- (2) such Investor shall have performed and complied with all obligations set out in the transaction documents that are required to be performed or complied with by it on or before the applicable Completion date in all material respects;
- (3) all internal corporate proceedings of such Investor in connection with the transactions to be completed at the applicable Completion date and all documents incidental thereto with respect to the Share Subscription Agreement and the other transaction documents and the transactions contemplated thereby shall have been completed;
- (4) no provision of any applicable laws shall prohibit the consummation of any transactions contemplated by the transaction documents; and
- (5) such Investor and its affiliates (as applicable) shall have executed and delivered to Pixocial a copy of the transaction documents to which such Investor or affiliate is a party.

Completion

With respect to each Investor, Completion shall take place as promptly as following, but in no event later than, the tenth (10th) business day following the satisfaction or waiver of each of the abovementioned conditions precedent (to the extent applicable to such Investor), or such other time as Pixocial and such Investor shall mutually agree in writing, provided that (i) if the satisfaction or waiver of all of the abovementioned conditions precedent (to the extent applicable to such Investor) occurs at least ten (10) business days before the end of a calendar month, the Initial Completion date shall be the first business day of the next calendar month immediately following such satisfaction or waiver; and (ii) if the satisfaction or waiver of all of the abovementioned conditions precedent (to the extent applicable to such Investor) occurs within the last ten (10) business days of a calendar month, the Initial Completion date shall be the first business day of the second calendar month immediately following such satisfaction or waiver, in each case, unless otherwise agreed by Pixocial and such Investor in writing.

For the avoidance of doubt, the subscription of the Series A Preference Shares by each of the Investors is separate and independent from each other, and each Investor's decision to proceed with the applicable Completion shall be independent from that of the other Investors.

Adoption of Pixocial Option Scheme and Grant of Share Options thereunder

Pursuant to the Share Subscription Agreement, prior to the Initial Completion date, Pixocial shall adopt the Pixocial Option Scheme, pursuant to which 7,642,626 Ordinary Shares shall be reserved for issuance to certain employees, directors and consultants of Pixocial and its subsidiaries. In addition, prior to the Initial Completion, Pixocial will grant share options corresponding to 1,910,657 Ordinary Shares to each of Mr. Wu and Mr. Song in accordance with the terms of the Pixocial Option Scheme.

As Pixocial is not a principal subsidiary (as defined under the Listing Rules) of the Company, the Pixocial Option Scheme will not constitute a share scheme nor an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules. The aforementioned adoption of the Pixocial Option Scheme and grant of share options thereunder will constitute a deemed disposal and a connected transaction of the Company, respectively, and the Company will make further announcement(s) on the same if required under the Listing Rules.

2. GRANT OF REDEMPTION RIGHT AND SHAREHOLDERS' AGREEMENT

Pursuant to the Share Subscription Agreement, upon the Initial Completion, the Parties will enter into the Shareholders' Agreement to regulate the rights and obligations among the Parties, as well as the business and management of Pixocial and its subsidiaries. The Shareholders' Agreement provides for, among other things, customary information and inspection rights, veto rights, pre-emption rights, co-sale rights, rights of first refusal, liquidation preference, and certain transfer restrictions, including restrictions on the Company's ability to transfer shares in Pixocial prior to a qualified initial public offering of Pixocial that would result in the Company holding less than 50% of the shares in Pixocial (calculated on an as-converted basis), and restrictions on shareholders' ability to transfer shares to Pixocial's competitors.

Pursuant to the Shareholders' Agreement, each holder of Series A Preference Shares will also be granted the Redemption Right whereby subject to applicable laws, at any time after the earlier of (i) the failure to consummate a qualified initial public offering or trade sale of Pixocial before the fourth (4th) anniversary of the Initial Completion date (the "**QIPO Redemption Event**"), (ii) the occurrence of any breach of the transaction documents or applicable laws by any member of Pixocial and its subsidiaries or any Key Holder, any fraud of any member of Pixocial and its subsidiaries or any Key Holder, which in each case, is reasonably expected to have a material adverse effect on Pixocial and its subsidiaries (taken as a whole) and which are not rectified within sixty (60) days upon receipt of notice from any holder of the Series A Preference Shares; (iii) the occurrence of any Blocking Event (other than in respect of a Special Redemption Event); and (iv) both of the Management Holders cease their employment relationship or services with Pixocial and all of the material subsidiaries of Pixocial (other than due to removal by the board of directors of Pixocial without cause or due to reasons of disability) (the "**Redemption Events**", and each a "**Redemption Event**"), at the option of any holder of the Series A Preference Shares, Pixocial shall redeem such number of the issued and outstanding Series A Preference Shares held by the requesting holder as elected by such holder at the redemption price per share equal to (x) 100% of the original issue price of the Series A Preference Shares (being US\$1.1148 per Series A Preference Share, as adjusted for share split, subdivision, combination, share dividend, share consolidation or other similar event), *plus* (y) a simple interest of 8% per annum of such original issue price (calculated from the issue date of the Series A Preference Shares held by such holder until the date of its payment in full), *minus* (z) all dividends and distributions previously received by such holder but excluding any special dividend amount received pursuant to the Shareholders' Agreement (the "**Redemption Price**"), before the redemption closing date; provided that, (a) each holder of the Series A Preference Shares shall only have the right to exercise the Redemption Right (I) with respect to the Redemption Event under (i), within one (1) year upon occurrence of such Redemption Event; and (II) with respect to each other Redemption Event, within one (1) year after such holder of the Series A Preference Shares is aware of the occurrence of such Redemption Event, following which such Redemption Right shall lapse permanently; and (b) in no event shall the Redemption Price exceed an amount equal to 132% of the original issue price of the Series A Preference Shares.

In addition, subject to applicable laws, at any time after occurrence of a Special Redemption Event, at the option of any holder of the Series A Preference Shares, Pixocial shall redeem such number of the issued and outstanding Series A Preference Shares held by the requesting holder as elected by such holder at the redemption price per share equal to (i) to the extent that such Special Redemption Event occurs within sixty (60) days after the issue date of the Series A Preference Shares held by such holder, 100% of the original issue price of the Series A Preference Shares (being US\$1.1148 per Series A Preference Share, as adjusted for share split, subdivision, combination, share dividend, share consolidation or other similar event) *minus* all dividends and distributions previously received by such holder but excluding any special dividend amount received pursuant to the Shareholders' Agreement, and (ii) to the extent that such Special Redemption Event occurs after sixty (60) days following the issue date of the Series A Preference Shares held by such holder, (x) 100% of the original issue price of the Series A Preference Shares (being US\$1.1148 per Series A Preference Share, as adjusted for share split, subdivision, combination, share dividend, share consolidation or other similar event), *plus* (y) a simple interest of 8% per annum of such original issue price (calculated from the issue date of the Series A Preference Shares held by such holder until the applicable Special Redemption Price is paid in full), *minus* (z) all dividends and distributions previously received by such holder but excluding any special dividend amount received pursuant to the Shareholders' Agreement (the "**Special Redemption Price**"), before the redemption closing date; provided that in no event shall the Special Redemption Price exceed an amount equal to 132% of the original issue price of the Series A Preference Shares.

The Shareholders' Agreement also provides that only if (i) Pixocial's assets or funds legally available for redemption of the Series A Preference Shares shall be insufficient to pay the applicable Redemption Price or Special Redemption Price (as applicable) in full in respect of the Series A Preference Shares requested to be redeemed; and (ii) Pixocial fails to fulfill its obligation to pay the Redemption Price or Special Redemption Price (as applicable), the Company shall be liable for the payment of Redemption Price or Special Redemption Price (as applicable) by purchasing the relevant Series A Preference Shares held by the requesting holder(s) within sixty (60) days after the expiration of the applicable redemption closing date (the "**Payment Deadline**"), provided that the maximum aggregate liability of the Company shall in no event exceed 60% of the consideration actually paid by the holder(s) of Series A Preference Shares requesting for the redemption in accordance with the Share Subscription Agreement (the "**Company Redemption Amount**"). In the event that the Company fails to pay the full amount of the Company Redemption Amount on or prior to the Payment Deadline, in addition to the Company Redemption Amount, the Company shall pay interest on such unpaid amount of the Company Redemption Amount at a simple interest of 8% per annum which shall accrue daily on the basis of a 360-day year from the day immediately following the Payment Deadline until the date of full payment of such unpaid amount.

Pursuant to the Shareholders' Agreement, the aforementioned Redemption Right available to each holder of Series A Preference Shares shall be the sole and exclusive remedy of any such holder of Series A Preference Shares in respect of any claim such holder may have, pursuant to the transaction documents, at law or in equity or otherwise, and shall automatically terminate and be of no force and effect upon the fifth (5th) anniversary of the Initial Completion date.

The aforementioned maximum amount of the Redemption Price and the Special Redemption Price (being an amount equal to 132% of the original issue price of the Series A Preference Shares) and the aforementioned simple interest of 8% per annum on any late payment were determined based on arm's length negotiations between the Parties, taking into account, *inter alia*, (i) the amount of interest that would have been accumulated in the event that the QIPO Redemption Event is triggered (i.e. simple interest of 8% per annum multiplied by 4 years) and (ii) the cost of capital.

3. REASONS FOR AND BENEFITS OF THE EQUITY FINANCING AND THE GRANT OF REDEMPTION RIGHT AND USE OF PROCEEDS

The Board is of the view that the inclusion of internationally renowned funds as Investors to the Equity Financing and the fundraising for Pixocial (a subsidiary of the Company) that focuses on technological investment in creative apps and digital content production for the global market are milestones in achieving one of the Company's core strategies which is to 'expand globally'. In particular, the Equity Financing will be beneficial to the Group (including Pixocial and its subsidiaries) for the following reasons:

- (i) the expansion of operating capital for Pixocial and its subsidiaries will facilitate and optimise its business operations (such as recruitment of new talents, improvement of localisation of operations, and increase sales and marketing efforts for its products);
- (ii) enhancement of Pixocial's international brand image, promotion of a global content collaboration ecosystem, as well as increased recognition among users and various business partners;
- (iii) promotion of diversification and professional development of Pixocial's board of directors, bringing in broader global perspectives; and
- (iv) the adoption of the Pixocial Option Scheme as a result of the Equity Financing would attract global talents and incentivise the core management personnel of Pixocial and its subsidiaries to work assiduously towards promoting the development of Pixocial and its subsidiaries, global operations.

It is intended that the proceeds from the Share Subscription Agreement be used by Pixocial and its subsidiaries for capital expenditure and general working capital purposes, which would contribute to the business expansion and further development of Pixocial and its subsidiaries. The grant of the Redemption Right is part and parcel to the Equity Financing, and is only exercisable if any of the Redemption Events occurs. The Directors consider that the Equity Financing and the grant of the Redemption Right are on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

4. FINANCIAL INFORMATION ON PIXOCIAL

As part of the Equity Financing, the Company will undergo certain internal reorganisation, including transferring ownership interests in, and certain tangible and intangible assets held by, certain subsidiaries of the Company to Pixocial and its subsidiaries. Upon completion of such internal reorganisation, Pixocial and its subsidiaries will be principally engaged in the provision of image-and-video processing applications and software (including applications named AirBrush and BeautyPlus) and the provision of online advertising and other internet value added services outside the PRC.

Assuming completion of the internal reorganisation, the estimated unaudited pro forma consolidated net assets of Pixocial as at 30 June 2023 would be approximately RMB185 million 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, would be as follows:

	For the year ended 31 December 2022 (RMB million)	For the year ended 31 December 2021 (RMB million)
Net profits before taxation	89	57
Net profits after taxation	75	47

5. FINANCIAL EFFECTS OF THE EQUITY FINANCING

After Completion with all the Investors, the Company's shareholding in Pixocial will be reduced from 100% to approximately 80.62% (on a fully-diluted basis), and Pixocial will continue to be a subsidiary of the Company, and the financial results of Pixocial will continue to be consolidated into the consolidated financial statements of the Company.

Subject to final audit by the Company's auditor, the Series A Preference Shares to be issued to the Investors would be designated as financial liabilities at fair value through profit or loss after Completion, and it is expected that there will be no material financial impact to the Company's consolidated profit and loss statement. Subsequent to the initial recognition, the Series A Preference Shares would be carried at fair value with changes in fair value of Pixocial and its subsidiaries.

6. INFORMATION ON THE PARTIES

The Company is a limited liability company incorporated under the laws of the Cayman Islands, principally engaged in investment holding. The principal activities of the Group are (i) the provision of online advertising and other Internet value-added services by offering a portfolio of innovative photo and community apps that enjoys popularity in the PRC and overseas and (ii) the smart hardware business involving the production of, among other things, artificial intelligence skin analysis SaaS under the brand of EveLab Insight (and MeituEve (美圖宜膚) in the PRC), MeituKey (a contact skin analyser), MeituSpa (an artificial intelligence cleansing brush) and Meitu Genius (an artificial intelligence smart mirror).

Pixocial is an exempted company limited by shares incorporated in the Cayman Islands, principally engaged in investment holding. As at the date of this announcement, Pixocial is a direct wholly-owned subsidiary of the Company.

Pixocial Singapore is a private company limited by shares incorporated under the laws of Singapore, principally engaged in advertising activities, product marketing, business development and investment holding. As at the date of this announcement, Pixocial Singapore is a wholly-owned subsidiary of Pixocial.

Mr. Wu is the chairman of the Board, the executive Director and the chief executive officer of the Company.

Mr. Song is the chief executive officer of Pixocial.

Eight Roads is an exempted limited partnership incorporated under the laws of Bermuda. Eight Roads is part of Eight Roads Ventures, which is a global proprietary investment firm backed by Fidelity, whose successful investments include, among others, global leading e-commerce platform Alibaba and leading cross-border payment service provider PingPong, and is principally engaged in investing in technology and healthcare companies across the world. Further details of Eight Roads Ventures can be found on its website <https://eightroads.com/en/>.

FutureX A7 is a limited company incorporated under the laws of the British Virgin Islands, and FutureX ICT is a limited partnership incorporated under the laws of the Cayman Islands. FutureX A7 and FutureX ICT is are part of a global venture capital firm FutureX Capital, whose successful investments include, among others, Kingsoft Cloud, ByteDance, Meituan, PingCAP and Mirattery, and is principally engaged in investing in growing high-tech enterprises with subversive innovation, attaching importance to value creation and industrial empowerment, and deeply participating in the full cycle of enterprise development. Further details of FutureX Capital can be found on its website <https://www.futurexcapital.com/>.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of Eight Roads, FutureX A7 and FutureX ICT and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons. As Mr. Wu is the executive Director and chief executive officer of the Company, he is a connected person of the Company under the Listing Rules. As at the date of this announcement, Mr. Song is neither a 'chief executive' nor a 'connected person' for the purpose of the Listing Rules.

7. LISTING RULES IMPLICATIONS

Upon Completion with all the Investors, the equity interest in Pixocial held by the Company will be reduced from 100% to approximately 80.62% (on a fully-diluted basis). As such, the entering into of the Share Subscription Agreement and the transactions contemplated thereunder will constitute a deemed disposal under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) of the Equity Financing exceeds 5% but is less than 25%, the Equity Financing constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Since the exercise of the Redemption Right is not at the discretion of the Company, according to Rule 14.74(1) of the Listing Rules, on the grant of the Redemption Right, the transactions will be classified as if the Redemption Right had been exercised. As the highest applicable percentage ratio (as defined under the Listing Rules) of the grant of the Redemption Right exceeds 5% but is less than 25%, the grant of the Redemption Right constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

8. DEFINITIONS

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

- “Blocking Event” occurrence of any of the following events in respect of any Investor:
- (a) the transactions contemplated by the transaction documents have been terminated, unwound or material restrictions have been imposed thereon the effect of which would either (i) materially and adversely affect such Investor’s rights in Pixocial under the Shareholders’ Agreement or the restated articles of association of Pixocial and/or under the Share Subscription Agreement, or (ii) cause a material adverse effect on the Target Business and/or Pixocial and its subsidiaries (taken as a whole), in each case, due to an order imposed by the Committee on Foreign Investment or other similar Governmental Authority in the U.S. or the Secretary of Treasury in accordance with applicable laws (a “**Special Redemption Event**”);
 - (b) both the applications of AirBrush and BeautyPlus (or applications with other names but with the Bundle IDs of com.commsource.beautyplus or com.magicv.airbrush), being the key applications of Pixocial and its subsidiaries, have been banned, terminated or otherwise become generally inaccessible in any top user states (being any one or more state in the U.S. where the number of paid users or monthly active users of the aforesaid key applications in such state(s) of the U.S. during the three (3) months immediately before the aforesaid key applications were banned and/or terminated, individually or aggregately, exceeds 40% of the total number of paid users or total number of monthly active users of the aforesaid key applications nation-wide in the U.S. during the foregoing period of three (3) months) for a consecutive period of more than three (3) months, as a result of (i) enactment of laws or rules by the competent governmental authority in the U.S. which impose restrictions on the business of Chinese technology companies or technology companies with China ownership, operation or other China background or connection and/or on Pixocial and its subsidiaries or the Target Business, (ii) the order imposed by the competent governmental authority in the U.S. in accordance with applicable laws, or (iii) any censorship, blocking or other similar action imposed by a competent governmental authority in the U.S. in accordance with applicable laws; or

- (c) (i) the aggregate number of weekly active users in the U.S. or (ii) the gross merchandise volume generated from the users in the U.S. (the foregoing items (i) and (ii), the “**Indicators**”) during a consecutive period of one (1) month (the “**Measuring Period**”) becomes less than 60% of the corresponding Indicator (as applicable) from users in the U.S. during the three (3) months immediately before the commencement of the Measuring Period, pursuant to Pixocial and its subsidiaries, standard tracking methods for each Indicator, as a result of or following (v) any formal proceeding from the Committee on Foreign Investment in the U.S. or other similar governmental authority in the U.S. with respect to Pixocial and its subsidiaries and/or the Target Business in accordance with applicable laws; (w) enactment of laws or rules by the competent governmental authority in the U.S. which impose restrictions on the business of Chinese technology companies or technology companies with China ownership, operation or other China background or connection and/or on Pixocial and its subsidiaries or the Target Business; (x) the order imposed by the competent governmental authority in the U.S. in accordance with applicable laws; (y) any censorship, blocking or other similar action imposed by a competent governmental authority in the U.S. in accordance with applicable laws; or (z) news, statements or comments which impose restrictions on the business of Chinese technology companies or technology companies with China ownership, operation or other China background or connection and/or on Pixocial and its subsidiaries or the Target Business and having a material adverse effect on the Target Business issued by a competent governmental authority of the U.S.

“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
“Completion”	completion of the subscription of Series A Preference Shares by an Investor in accordance with the terms and conditions of the Share Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eight Roads”	ERVC Technology V L.P., an exempted limited partnership incorporated under the laws of Bermuda
“Equity Financing”	the deemed disposal of the Company’s interest in Pixocial as a result of the issue of Series A Preference Shares by Pixocial as contemplated by the Share Subscription Agreement

“FutureX”	collectively, FutureX A7 and FutureX ICT
“FutureX A7”	FutureX A7 Limited, a limited company incorporated under the laws of the British Virgin Islands
“FutureX ICT”	FutureX ICT Opportunity Fund II LP, a limited partnership incorporated under the laws of the Cayman Islands
“Group”	the Company and its subsidiaries, together with Xiamen Meitu Networks Technology Co., Ltd. (廈門美圖網科技有限公司) and, Xiamen MeituEve Network Services Co., Ltd. (廈門美圖宜膚網絡服務有限公司), and their respective subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Completion”	the first Completion to take place in accordance with the terms of the Share Subscription Agreement
“Investors”	Eight Roads, FutureX A7, FutureX ICT and the Company
“Key Holders”	the Company and the Management Holders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Holders”	Mr. Song and Mr. Wu
“Mr. Song”	Mr. Mingyang Song (宋明陽), the chief executive officer of Pixocial
“Mr. Wu”	Mr. Zeyuan Wu (吳澤源) (also known as Xinhong Wu (吳欣鴻)), the chairman of the Board, the executive Director and the chief executive officer of the Company
“Ordinary Shares”	ordinary shares of par value of US\$0.00001 each in the share capital of Pixocial
“Pixocial”	Pixocial Holdings Ltd, an exempted company limited by shares incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Pixocial Option Scheme”	the equity incentive plan to be adopted by Pixocial prior to the Initial Completion date in relation to the grant or issue of shares, stock options or any other securities of Pixocial to its employees, officers, directors, consultants and/or other eligible persons

“Pixocial Singapore”	Pixocial Technology (Singapore) Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore and a direct wholly-owned subsidiary of Pixocial
“PRC”	the People’s Republic of China but solely for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and the islands of Taiwan
“Redemption Right”	the right of holders of Series A Preference Shares to request Pixocial to redeem their Series A Preference Shares in accordance with the terms of the Shareholders’ Agreement
“Series A Preference Shares”	series A preference shares of par value of US\$0.00001 each in the share capital of Pixocial
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among Pixocial, Pixocial Singapore, the Management Holders, the Company, Eight Roads, FutureX A7 and FutureX ICT upon Initial Completion
“Share Subscription Agreement”	the share subscription agreement dated 12 October 2023 entered into among Pixocial, Pixocial Singapore, the Management Holders, the Company, Eight Roads, FutureX A7 and FutureX ICT in respect of the Equity Financing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the overseas business of Pixocial and its subsidiaries following an internal reorganisation by the Group, which includes the provision of image-and-video processing applications and software (including applications named AirBrush and BeautyPlus) and the provision of online advertising and other internet value added services outside of the PRC
“U.S.”	the United States of America
“Warrantors”	Mr. Song, the Company and Pixocial
“%”	per cent

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

Hong Kong, 12 October 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.