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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

PURCHASE OF CRYPTOCURRENCY (BITCOIN)

THE FURTHER BITCOIN ACQUISITION

Reference is made to the announcements of the Company dated March 7, 2021 and March 17, 2021, pursuant to which Miracle Vision, a wholly owned subsidiary of the Company, had pursuant to the Cryptocurrency Investment Plan, purchased in open market transactions, (i) 31,000 units of Ether at an aggregate consideration of approximately US\$50.5 million under the Previous Ether Acquisitions; and (ii) 765.20724325 units of Bitcoin at an aggregate consideration of approximately US\$39.5 million under the Previous Bitcoin Acquisitions.

The Board is pleased to announce that on April 8, 2021, Meitu HK, a wholly owned subsidiary of the Company, had pursuant to the Cryptocurrency Investment Plan, further acquired in open market transactions, an additional 175.67798279 units of Bitcoin at an aggregate consideration of approximately US\$10 million under the Further Bitcoin Acquisition. As at the date of this announcement, the Group has accumulated a Net Purchase of approximately US\$100 million worth of cryptocurrencies.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Further Bitcoin Acquisition (when aggregated with the Previous Bitcoin Acquisitions which were conducted within 12 months of the Further Bitcoin Acquisition) exceed 5% but all are less than 25%, the Further Bitcoin Acquisition (when aggregated with the Previous Bitcoin Acquisitions) constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE FURTHER BITCOIN ACQUISITION

Reference is made to the Previous Announcements pursuant to which Miracle Vision, a wholly owned subsidiary of the Company, had purchased in open market transactions, (i) 31,000 units of Ether at an aggregate cash consideration of approximately US\$50.5 million under the Previous Ether Acquisitions and (ii) 765.20724325 units of Bitcoin at an aggregate cash consideration of approximately US\$39.5 million under the Previous Bitcoin Acquisitions. Capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements unless defined otherwise.

The Board is pleased to announce that on April 8, 2021, Meitu HK had, pursuant to the Cryptocurrency Investment Plan, further acquired in open market transactions, an additional 175.67798279 units of Bitcoin at an aggregate cash consideration of approximately US\$10 million under the Further Bitcoin Acquisition. As at the date of this announcement, the Group has accumulated a Net Purchase of US\$100 million worth of cryptocurrencies.

The consideration for the Further Bitcoin Acquisition was satisfied in cash and was determined according to the bid and ask prices of Bitcoin as quoted in open market, and the Further Bitcoin Acquisition was funded by the Group's existing cash reserves other than any remaining proceeds from the Company's initial public offering.

The Directors are of the view that the terms of the Further Bitcoin Acquisition are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

COMPLETION

Settlement of the Further Bitcoin Acquisition took place immediately after the respective purchase orders were made and completed on April 8, 2021. The units of Bitcoin purchased by the Group will reside with renowned cryptocurrencies trading platform(s) engaged by the Group with good security measures set up.

INFORMATION ON CRYPTOCURRENCIES

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. The blockchain is a public record of cryptocurrency transactions in chronological order. The blockchain is shared between all users in that blockchain. It is used to verify the permanence of transactions and to prevent double spending. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes.

REASONS FOR AND BENEFITS OF THE FURTHER BITCOIN ACQUISITION

The reasons for and benefits of the Further Bitcoin Acquisition are the same as the ones disclosed in the Previous Announcements, which are set out again as follows:

The Board takes the view that blockchain technology has the potential to disrupt both existing financial and technology industries, similar to the manner in which mobile internet has disrupted the PC internet and many other offline industries. The Board believes that the blockchain industry is still in its early stage, analogous to the mobile internet industry in circa 2005. Against this backdrop, the Board believes cryptocurrencies have ample room for appreciation in value and by allocating part of its treasury in cryptocurrencies can also serve as a diversification to holding cash (which is subject to depreciation pressure due to aggressive increases in money supply by central banks globally) in treasury management. More importantly, the Board considers this a demonstration to investors and stakeholders that the Group has the vision and determination to embrace technological evolution, and hence preparing its foray into the blockchain industry. Notwithstanding the long-term prospects, cryptocurrency prices in general are still highly volatile and therefore the Board currently decided to invest in the two largest cryptocurrencies by market capitalization, Ether and Bitcoin, which the Board believes should enhance shareholder value in the long-term.

Investing in Bitcoin as part of the Group's asset allocation strategy

Bitcoin is a cryptocurrency launched more than 10 years ago. It has several features that enable it to be a good alternative store of value, such as being limited in supply, its exchangeability into fiat money or goods and services, portability, and its potential to act as an effective hedge against depreciation of fiat currencies due to aggressive increase in money supply by central banks globally. Some of these features

potentially even render Bitcoin as a superior form to other alternative stores of value such as gold, precious stone and real estate. Being an alternative store of value, its price is primarily a function of future demand that is driven by consensus of investors and the general public.

Recently the Board has seen growing momentum in the consensus building process. For example, the traditionally more conservative institutions such as insurance companies have started making investments into cryptocurrencies; traditional asset management companies have launched crypto-funds for subscription; an increasing number of listed companies are purchasing cryptocurrencies as part of their treasury management, as well as considering accepting cryptocurrency as form of payment for their goods and services. On the other hand, ease of access to cryptocurrencies has also been improving, as reflected by reputable banks providing cryptocurrencies trading and custody services. Last but not least, regulators have also started licensing cryptocurrency trading platforms that could enhance investor confidence in dealing in cryptocurrencies.

INFORMATION ABOUT THE GROUP AND MEITU HK

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 that enjoys popularity in the PRC and overseas.

Meitu HK is a wholly owned subsidiary of the Company incorporated under the laws of Hong Kong and is principally engaged in the business of (i) mobile apps operation and publishing, (ii) advertising and (iii) product marketing and business development.

As the Further Bitcoin Acquisition was conducted in open market transactions, the Company is not aware of the identities and principal business activities of the respective vendors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the vendors and their ultimate beneficial owners relating to the Further Bitcoin Acquisition are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Further Bitcoin Acquisition (when aggregated with the Previous Bitcoin Acquisitions which were conducted within 12 months of the Further Bitcoin Acquisition) exceed 5% but all are less than 25%, the Further Bitcoin Acquisition (when aggregated with the Previous Bitcoin Acquisitions) constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that any cryptocurrencies that the Group may purchase or sell under the Cryptocurrency Investment Plan will depend on market conditions and will be made at the Board's discretion. The cryptocurrency market is volatile in the near-term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity, type or price of any cryptocurrencies to be purchased or sold under the Cryptocurrency Investment Plan. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Bitcoin”	Bitcoin, a type of cryptocurrency that operates using blockchain technology
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“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cryptocurrency Investment Plan”	the plan to make a net purchase of up to US\$100 million worth of cryptocurrencies, financed by the existing cash reserves other than any remaining proceeds from the Company’s initial public offering, as more particularly set out in the Previous Announcements
“Directors”	the directors of the Company
“Ether”	Ether, a type of cryptocurrency that operates using blockchain technology generated by the Ethereum platform
“Further Bitcoin Acquisition”	the acquisition of 175.67798279 units of Bitcoin at an aggregate consideration of approximately US\$10 million by Meitu HK on April 8, 2021 pursuant to the Cryptocurrency Investment Plan
“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 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 HK”	Meitu (China) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Miracle Vision”	Miracle Vision Technology Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“Net Purchase” or “net purchase”	has the meaning ascribed to it in the Previous Announcements
“PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“Previous Announcements”	the announcements of the Company dated March 7, 2021 and March 17, 2021, in respect of, inter alia, the purchase of cryptocurrencies (Ether and Bitcoin) by the Group pursuant to the Cryptocurrency Investment Plan
“Previous Bitcoin Acquisitions”	the acquisition of an aggregate of 765.20724325 units of Bitcoin at an aggregate consideration of approximately US\$39.5 million by Miracle Vision on March 5, 2021 and March 17, 2021 pursuant to the Cryptocurrency Investment Plan
“Previous Ether Acquisitions”	the acquisition of an aggregate of 31,000 units of Ether at an aggregate consideration of approximately US\$50.5 million by Miracle Vision on March 5, 2021 and March 17, 2021 pursuant to the Cryptocurrency Investment Plan

“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	The Republic of Singapore
“US\$”	United States dollar(s), the lawful currency of The United States of America
“%”	percent

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

Hong Kong, April 8, 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.