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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)

INSIDE INFORMATION AND PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board now wishes to inform the Shareholders and potential investors that based on (i) the Acquired Cryptocurrencies Impairment and (ii) a preliminary review of the Group’s unaudited consolidated management accounts for the five months ended May 31, 2022, it is expected that the Group may record a net loss of between approximately RMB274.9 million and RMB349.9 million for the six months ended June 30, 2022 (representing an increase of approximately 99.6% to 154.1% as compared to the Group’s net loss of approximately RMB137.7 million for the six months ended June 30, 2021). The expected increase in net loss is primarily due to the Acquired Cryptocurrencies Impairment.

It should be noted that the cryptocurrency market is volatile in the near term and the prices of cryptocurrencies may be subject to fluctuations. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Meitu, Inc. (the “**Company**”, together with Xiamen Meitu Networks Technology Co., Ltd., Xiamen MeituEve Network Services Co., Ltd., and their respective subsidiaries, collectively the “**Group**” for the purpose of this announcement) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

THE ACQUIRED CRYPTOCURRENCIES

Reference is made to the announcements of the Company dated March 7, 2021, March 17, 2021 and April 8, 2021 (collectively, the “**Announcements**”), in which it was announced that the Group acquired an aggregate of approximately 31,000 units of Ether (the “**Acquired Ether**”) and approximately 940.89 units of Bitcoin (“**Acquired Bitcoin**”, together with the Acquired Ether, collectively the “**Acquired Cryptocurrencies**”) at an aggregate consideration of approximately

US\$50.5 million and approximately US\$49.5 million, respectively (the “**Cryptocurrencies Acquisitions**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

Since the Cryptocurrencies Acquisitions, the Group has neither acquired nor sold any cryptocurrencies pursuant to the Cryptocurrency Investment Plan (including any Ether or Bitcoin). As at June 30, 2022, the fair values of the Acquired Ether and the Acquired Bitcoin determined based on the then prevailing market prices were approximately US\$32.0 million and US\$18.0 million, respectively. Based on the International Financial Reporting Standards (the “**IFRSs**”), the Group expects to recognise impairment losses of approximately US\$18.5 million and US\$27.1 million in relation to the Acquired Ether and the Acquired Bitcoin, respectively (together, the “**Acquired Cryptocurrencies Impairment**”) in the Group’s upcoming interim results for the six months ended June 30, 2022 (the “**Interim Results**”).

Notwithstanding the foregoing, the board of directors of the Company (the “**Board**”) is of the view that the impairment losses in relation to the Acquired Cryptocurrencies (i) have no material impact on the Group’s cash flow, operations and adjusted net loss/profits attributable to the owners of the Company¹ (which is considered by the Board to be the general metric used in the industry to measure the Group’s operating performance) in the Group’s Interim Results and (ii) are reversible (whether in whole or in part) in the Group’s upcoming annual results should there be a subsequent increase in the fair value of the Acquired Cryptocurrencies as at the end date of the financial year.

Prices of cryptocurrencies, are prone to volatility given their adoption relative to other asset classes such as equity, commodity and bonds, are still in their nascent stage. Despite such volatility, the Board takes the view that such adoption has ample room to grow given the blockchain industry is still developing rapidly, and cryptocurrencies are an integral part of that. On the other hand, there have been more traditional financial instruments such as Exchange Traded Funds that enable synthetic exposure to cryptocurrencies such as Bitcoin for traditional investors, again laying the foundation for higher adoption of cryptocurrencies in the future. As such, the Board sees the recent volatility in Ether and Bitcoin prices as temporary and remain positive on the long-term prospects of the Acquired Cryptocurrencies. The Board would also like to remind investors that the Company’s cryptocurrencies position accounts for only a portion of its total assets.

Accounting treatment of the Acquired Cryptocurrencies

The Acquired Cryptocurrencies are accounted for as intangible assets under the cost model in accordance with the IFRSs. The Group perform impairment assessments in accordance with IAS 36 Impairment of Asset. For any of the Acquired Cryptocurrencies which fair value less cost of disposal at the end of each reporting period would be below the carrying value, the Group will record an impairment loss equal to the difference between the fair value less cost of disposal and the carrying value of such Acquired Cryptocurrencies in such reporting period. However, for any of the Acquired Cryptocurrencies which fair value less cost of disposal at the end of each reporting period would be

¹ The term ‘adjusted net loss/profit attributable to the owners of the Company’ is defined as the net loss/profit attributable to the owners of the Company for the reporting period excluding certain non-cash items, such as share-based compensation, impairment losses on goodwill and other intangible assets, investment-related fair value changes and etc.. Please see the Company’s 2021 annual report for a more detailed definition.

higher than the carrying value, in line with the applicable IFRSs, a revaluation gain will not be recorded in such reporting period until the gain has actually been realised by the Group.

PROFIT WARNING

The Board now wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on (i) the Acquired Cryptocurrencies Impairment and (ii) a preliminary review of the Group’s unaudited consolidated management accounts for the five months ended May 31, 2022 (the “**Management Accounts**”), it is expected that the Group may record a net loss of between approximately RMB274.9 million and RMB349.9 million for the six months ended June 30, 2022 (representing an increase of approximately 99.6% to 154.1% as compared to the Group’s net loss of approximately RMB137.7 million for the six months ended June 30, 2021). The expected increase in net loss is primarily due to the Acquired Cryptocurrencies Impairment. On a non-IFRSs basis, the Group expects to make a modest adjusted net profit attributable to the owners of the Company for the six months ended June 30, 2022.

It should be noted that the Company has yet to finalise the Interim Results of the Group. The information contained in this announcement is only based on information currently available to the Group and the Board’s preliminary assessment of the Acquired Cryptocurrencies Impairment and the Management Accounts, which have not been reviewed by the Company’s auditors or audit committee. As such, the actual Interim Results of the Group may be different from what is disclosed in this announcement. Shareholders and investors are therefore advised to read carefully the interim results announcement of the Company for the six months ended June 30, 2022 to be published in around August 2022.

It should be noted that the cryptocurrency market is volatile in the near term and the prices of cryptocurrencies may be subject to fluctuations. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, July 1, 2022

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.