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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 “美圖之家”)*

**(Stock Code: 1357)**

## **VOLUNTARY ANNOUNCEMENT**

### **PURCHASE OF CRYPTOCURRENCIES (ETHER AND BITCOIN)**

This announcement is made by Meitu, Inc. (the “**Company**”) on a voluntary basis. For the purpose of this announcement, the term the “**Group**” is defined as the Company and its non-People’s Republic of China incorporated subsidiaries.

The Group has purchased 15,000 units of Ether and 379.1214267 units of Bitcoin (“**BTC**”), both cryptocurrencies, in open market transactions at an aggregate consideration of approximately US\$22.1 million and US\$17.9 million respectively, on March 5, 2021. These purchases were made pursuant to a cryptocurrency investment plan previously approved by the board of directors (the “**Board**”) of the Company (the “**Cryptocurrency Investment Plan**”), under which the Group may make a net purchase of up to US\$100 million worth of cryptocurrencies, financed by its existing cash reserves other than any remaining proceeds from the Company’s initial public offering.

Net purchase is defined as the aggregate market value of cryptocurrencies purchased by the Group at the time of purchase minus the aggregate market value of cryptocurrencies sold at the time of sale. Subsequent purchases or sales of cryptocurrencies pursuant to the Cryptocurrency Investment Plan will be executed at the Board’s discretion according to market conditions. The Board will exercise the powers of the Group to purchase and/or sell cryptocurrencies pursuant to the Cryptocurrency Investment Plan and in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the memorandum of association and articles of association of the Company, applicable laws of Hong Kong and applicable laws of the Cayman Islands (being the jurisdiction in which the Company was incorporated).

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 Ether as a preparation to enter the blockchain industry**

Ethereum is an open-source, block-chain based, decentralized software platform that uses its own cryptocurrency, Ether. Generally speaking, Ether is required to be consumed (as “gas”) to conduct a transaction or execute a contract on the Ethereum platform. Currently the Ethereum network has the largest number of decentralized applications (“**dApps**”) on it due to its developer-friendly interface that enable reduced programming time to launch projects quickly as well as a strong and growing global network of developer community who are committed to upgrade the network and drive adoption. dApps across multiple sectors including finance, games, social media and art & collectibles etc. have already adopted the Ethereum protocol. The Group is currently evaluating the feasibility of integrating blockchain technologies to its various overseas businesses, including but not limited to launching Ethereum-based dApps, as well as identifying suitable overseas blockchain-based projects for potential investments (many blockchain-based projects accept Ether as consideration for investment) that can be synergistic to its large user base that has hundreds million monthly active users globally.

Purchasing Ether is therefore a logical preparation for both initiatives, as the Ether purchased would become the gas reserve for the Group’s potential dAPP(s) to consume in the future, as well as being used as consideration for investing in blockchain-based projects that take Ether as consideration.

### **Investing in Bitcoin as part of our 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.

The units of Ether and Bitcoin purchased by the Group will reside with renowned cryptocurrencies trading platform(s) engaged by the Group with good security measures set up.

**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.**

The Company will comply with the relevant disclosure requirements under the Listing Rules in relation to cryptocurrencies purchased and/or sold by the Group pursuant to the Cryptocurrency Investment Plan.

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

Hong Kong, March 7, 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.*