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# 美团点评

## Meituan Dianping

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)  
(Stock code: 3690)

### ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

The Board of Directors (the “**Board**”) of Meituan Dianping 美团点评 (the “**Company**”) is pleased to announce the audited consolidated results of the Company for the year ended December 31, 2019. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

In this announcement, “we”, “us”, and “our” refer to the Company.

#### KEY HIGHLIGHTS

#### Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	December 31, 2019		December 31, 2018		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	28,158,253	100.0%	19,803,452	100.0%	42.2%
Gross profit	9,718,129	34.5%	4,480,994	22.6%	116.9%
Operating profit/(loss)	1,423,860	5.1%	(3,734,518)	(18.9%)	NA
Profit/(loss) before income tax	1,489,930	5.3%	(3,690,373)	(18.6%)	NA
Profit/(loss) for the period	1,460,285	5.2%	(3,414,252)	(17.2%)	NA
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	2,178,650	7.7%	(854,601)	(4.3%)	NA
Adjusted net profit/(loss)	2,270,219	8.1%	(1,581,682)	(8.0%)	NA

	<b>Year Ended</b>				
	<b>December 31, 2019</b>		<b>December 31, 2018</b>		<b>Year-over-year change</b>
	<b>Amount</b>	<b>As a percentage of revenues</b>	<b>Amount</b>	<b>As a percentage of revenues</b>	
<i>(RMB in thousands, except for percentages)</i>					
Revenues	<b>97,528,531</b>	<b>100.0%</b>	65,227,278	100.0%	49.5%
Gross profit	<b>32,320,388</b>	<b>33.1%</b>	15,104,958	23.2%	114.0%
Operating profit/(loss)	<b>2,679,860</b>	<b>2.7%</b>	(11,085,797)	(17.0%)	NA
Profit/(loss) before income tax	<b>2,762,388</b>	<b>2.8%</b>	(115,490,807)	(177.1%)	NA
Profit/(loss) for the year	<b>2,236,165</b>	<b>2.3%</b>	(115,492,695)	(177.1%)	NA
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	<b>7,253,634</b>	<b>7.4%</b>	(4,733,831)	(7.3%)	NA
Adjusted net profit/(loss)	<b>4,656,685</b>	<b>4.8%</b>	(8,345,621)	(12.8%)	NA

### Financial Information by Segment

	<b>Unaudited Three Months Ended</b>					
	<b>December 31, 2019</b>			<b>December 31, 2018</b>		
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>
<i>(RMB in thousands, except for percentages)</i>						
Revenues	<b>15,715,710</b>	<b>6,356,945</b>	<b>6,085,598</b>	11,006,277	4,594,132	4,203,043
Gross profit/(loss)	<b>2,786,936</b>	<b>5,642,495</b>	<b>1,288,698</b>	1,471,721	3,988,258	(978,985)
Gross margin	<b>17.7%</b>	<b>88.8%</b>	<b>21.2%</b>	13.4%	86.8%	(23.3%)

	<b>Year Ended</b>					
	<b>December 31, 2019</b>			<b>December 31, 2018</b>		
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>
<i>(RMB in thousands, except for percentages)</i>						
Revenues	<b>54,843,205</b>	<b>22,275,472</b>	<b>20,409,854</b>	38,143,083	15,840,361	11,243,834
Gross profit/(loss)	<b>10,233,188</b>	<b>19,746,355</b>	<b>2,340,845</b>	5,268,197	14,095,355	(4,258,594)
Gross margin	<b>18.7%</b>	<b>88.6%</b>	<b>11.5%</b>	13.8%	89.0%	(37.9%)

## Operating Metrics

	Three Months Ended		Year-over-year change	Year Ended		Year-over-year change
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018	
	<i>(RMB in billions)</i>		<i>(in percentages)</i>	<i>(RMB in billions)</i>		<i>(in percentages)</i>
<b>Gross transaction volume:</b>						
Food delivery	112.1	80.2	39.9%	392.7	282.8	38.9%
In-store, hotel & travel	60.4	44.7	35.3%	222.1	176.8	25.6%
New initiatives and others	17.4	13.1	31.0%	67.3	56.0	20.3%
<b>Total</b>	<b>189.9</b>	<b>138.0</b>	<b>37.6%</b>	<b>682.1</b>	<b>515.6</b>	<b>32.3%</b>

	Year Ended		Year-over-year change
	December 31, 2019	December 31, 2018	
	<i>(in millions)</i>		<i>(in percentages)</i>
Number of Transacting Users	450.5	400.4	12.5%
Number of Active Merchants	6.2	5.8	7.1%
	<i>(units)</i>		<i>(in percentages)</i>
Average number of transactions per annual Transacting User	27.4	23.8	15.4%

	Three Months Ended		Year-over-year change	Year Ended		Year-over-year change
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018	
	<i>(in millions)</i>		<i>(in percentages)</i>	<i>(in millions)</i>		<i>(in percentages)</i>
Number of food delivery transactions	2,505.3	1,832.3	36.7%	8,722.1	6,393.4	36.4%
Number of domestic hotel room nights	110.0	74.4	47.9%	392.4	283.9	38.2%

## **BUSINESS REVIEW AND OUTLOOK**

### **Company Financial Highlights**

In the year ended December 31, 2019, we achieved strong revenues growth and profitability improvement across all major business segments. Moreover, we achieved an important milestone of turning both operating profit and operating cash flow positive first time in our history. Total revenues increased by 49.5% year-over-year to RMB97.5 billion from RMB65.2 billion in 2018. Total gross profit increased by 114.0% year-over-year to RMB32.3 billion from RMB15.1 billion in 2018, and operating profit turned to positive RMB2.7 billion from negative RMB11.1 billion in 2018. Adjusted EBITDA and adjusted net profit were RMB7.3 billion and RMB4.7 billion in 2019, respectively. Our operating cash flow turned to positive RMB5.6 billion in 2019 from negative RMB9.2 billion in 2018. We had cash and cash equivalents of RMB13.4 billion and short-term investments of RMB49.4 billion as of December 31, 2019, compared to the balance of RMB17.0 billion and RMB41.8 billion, respectively, as of December 31, 2018.

### **Company Business Highlights**

#### **Food delivery**

As the world's leading food delivery service provider, we further strengthened our market-leading position in terms of consumer base, merchant base and delivery network during 2019. As we grow our business, we have also improved the unit economics of our food delivery business on a year-over-year basis consecutively over the past four quarters due to increasing economies of scale. In 2019, GTV of our food delivery business increased by 38.9% to RMB392.7 billion. The daily average number of food delivery transactions increased by 36.4% to 23.9 million. The average value per order of our food delivery business increased by 1.8% year-over-year. Monetization Rate<sup>1</sup> of our food delivery business increased to 14.0% from 13.5% in 2018. As a result, revenues increased by 43.8% year-over-year to RMB54.8 billion in 2019. Gross profit from our food delivery business increased by 94.2% to RMB10.2 billion in 2019, while gross margin expanded to 18.7% from 13.8% year-over-year. In the fourth quarter of 2019, total GTV of our food delivery business increased by 39.9% year-over-year to RMB112.1 billion and the daily average number of food delivery transactions increased by 36.7% year-over-year to 27.2 million. The average value per order of our food delivery business increased by 2.3% year-over-year to RMB44.8, and Monetization Rate of our food delivery business increased to 14.0%. As a result, revenues from food delivery increased by 42.8% year-over-year to RMB15.7 billion in the fourth quarter of 2019. Gross profit from our food delivery business increased by 89.4% year-over-year to RMB2.8 billion for the fourth quarter of 2019, while gross margin expanded to 17.7% from 13.4% year-over-year.

On the consumer front, owing to our early, forceful expansion into lower-tier cities, we currently enjoy a significant first-mover advantage and stand to benefit from the ongoing trend that demand in lower-tier cities continues to grow alongside the rising levels of consumption. Our food delivery business in lower-tier cities made a larger contribution and exhibited higher growth in terms of GTV in full year 2019 as well as the fourth quarter of 2019. Moreover, lower-tier cities continued to be the main driver of our user growth in 2019. Attributable to our improvements to operational teams, delivery network and marketing capabilities as well as positive word-of-mouth, we continued to acquire new users, the majority of which came from third-tier cities and below.

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<sup>1</sup> Monetization rate equals the revenues for the year/period divided by the Gross Transaction Volume for the year/period.

Meanwhile, as we continued to expand the quality food supply, delivery categories, available hours and delivery distance to better satisfy consumer demand, purchase frequency of our repeat consumers continued to improve. The successful rollout of our Food Delivery Membership Program in 2019 further enabled us to improve the order frequency and loyalty of these repeat consumers. Moreover, our Food Delivery Membership Program effectively boosted consumer impulse consumptions during off-peak hours. Consumer demand during off-peak hours, including breakfast, afternoon tea and late night snacks, continued to grow rapidly in the fourth quarter of 2019, with increasing needs for more personalized and high-quality online food supplies. In particular, delivery volume of healthy light meals, salad, desserts and beverages all achieved strong growth in the fourth quarter of 2019.

On the merchant front, as the leading platform with sufficient user traffic, we helped millions of restaurants maximize their exposure to online channels and increase online sales in 2019. In addition to cost-effective on-demand delivery infrastructure, we continued to optimize our comprehensive set of solutions to empower local merchants in 2019. These include solutions for online marketing, production and operation digitalization, integrated payment, food distribution and financing services. For example, we introduced dish-based recommendation feeds for restaurants in August 2019 and continued to optimize this marketing solution for merchants in the fourth quarter of 2019. This dish-based recommendation feeds provide more opportunities to merchants to showcase their popular local dishes and attract new consumers while increasing their conversion ratios. More notably, because of our continuous efforts in developing innovative online marketing products to help food delivery merchants enhance their exposure to potential consumers and further boost their marketing efficiency, increasingly more food delivery merchants have adopted our online marketing services in 2019. Online marketing revenues of food delivery business grew robustly, increasing by 118.6% year-over-year. Moreover, we continued to improve our marketplace products to provide restaurants with more useful tools for enhancing their operating efficiency. For example, we introduced an intelligent diagnosis tool for restaurant merchants on their product quality and guidance on product mix optimization. Furthermore, in the fourth quarter of 2019, we released four targeted solutions, including digital business solution, specialized production solution, diversified marketing solution, and intelligent service solution. Through these solutions, our goal is to help millions of merchants build next generation stores, identify and resolve online operation pain points, achieve seamless integration between online and offline operations, and enhance service and product quality.

On the delivery front, we further solidified our advantages in delivery efficiency attributable to higher order density, refinement of our proprietary dispatching system algorithms, and optimization of our operational capabilities in 2019. In addition, we began to fine-tune our delivery service segmentation and our delivery network mobilization capacity, especially during off-peak hours, extreme weather conditions and holidays in the second half of 2019, which enabled us to further lower our delivery cost per order while ensuring a consistent level of user experience over the past two quarters. At the same time, to maintain the consistency in our delivery service quality, we require our delivery partners to set and continuously refine strict delivery riders recruitment standards and closely monitor their adherence to our service standards. In addition, we helped our partners establish legally compliant management systems to ensure fire safety and driving safety, and required them to provide regular training to delivery riders to promote their awareness of safety compliance. We continued to exert efforts on improving delivery riders' corporate affinity and attaining increasing social respect through the "717 Delivery Riders' Day" celebration, "Delivery Riders Guardian Program," and offering free counseling to delivery riders, among others.

## **In-store, hotel & travel**

Our in-store, hotel & travel businesses continued to solidify its market leadership and further demonstrated strong monetization capability in 2019. GTV of our in-store, hotel & travel businesses grew by 25.6% year-over-year to RMB222.1 billion in 2019. Revenues from our in-store, hotel & travel businesses increased by 40.6% year-over-year to RMB22.3 billion in 2019. Gross profit of our in-store, hotel & travel businesses increased by 40.1% year-over-year to RMB19.7 billion in 2019, while gross margin remained relatively flat year-over-year. GTV growth of our in-store, hotel & travel businesses continued to accelerate for the fourth quarter of 2019, growing by 35.3% year-over-year to RMB60.4 billion. Revenues from our in-store, hotel & travel businesses increased by 38.4% year-over-year to RMB6.4 billion for the fourth quarter of 2019. Gross profit from our in-store, hotel & travel businesses increased to RMB5.6 billion for the fourth quarter of 2019, while gross margin increased to 88.8% from 86.8% year-over-year.

For our in-store business, the year-over-year growth rate of commission revenues from transaction-based products re-accelerated in the beginning of the second half of 2019 and continued to accelerate during the fourth quarter of 2019. Online marketing revenues also maintained strong growth momentum throughout the year, with around 55% increase year-over-year in 2019. The impressive results achieved in 2019 were mainly due to the refinement in our business operations, our strengthened content creation capabilities, expansion in the range of product and service offerings and enhanced location-based algorithms.

First, we reorganized our sales team and expanded our coverage for high-quality restaurant merchants in 2019. By dividing restaurant merchants into different categories, our sales team has gained a better understanding of each merchant category and is increasingly capable of providing more personalized product solutions. Second, our continuous enhancement of location-based algorithms was key in helping local service merchants maximize the impact of their online marketing and further refine their marketing precision via user-generated local search queries. We were also able to further leverage the user profiles generated from our database to gauge user demand on our platform across different service categories and promote additional cross-selling opportunities. Third, we continued to diversify our affordable marketing products and tools for merchants. Merchant base penetration rate of our cost-per-click advertising products and subscription-based services increased steadily throughout 2019. Our interest-based feeds, which were rolled out in late 2018 and have barely been monetized at the current stage, also enabled merchants to tailor and promote their content within the editorial feed, display their content to a larger audience, and achieve a higher click-through-rate. Fourth, we continued to advance our operational capabilities through the execution of numerous promotional activities and campaigns in 2019. These promotional activities and campaigns included, to name a few, “Super Brand Food Festival,” “2019 Parent-Child Fantasy Day,” “Chinese Valentine’s Day Special Campaign,” “Double 11 Carnival,” and “Double 12 Carnival.” All of these theme-based promotional campaigns were exceptionally well received by the market. Lastly, we continued to make good progress in the development of our content ecosystem in 2019, which has also helped improve the marketing efficiency of merchants on our platform. As of December 31, 2019, we had accumulated over 7.7 billion user-generated reviews on our platform for millions of merchants in China. Moreover, our refinement of interest-based feeds within the Dianping app has resulted in a more visually appealing user interface, an increasingly personalized content delivery system, and the rapid growth of both DAUs and user time spent on the application for the full year of 2019. Meanwhile, our enhanced Black Pearl Restaurant Guide, Must List Series, and other initiatives have risen in popularity among consumers. Importantly, these features enable consumers to not only discover and explore a broad range of local service categories, but also allow our recommended merchants to generate higher sales, augment their brand influence, streamline their operations, and bolster their product offerings through consumer reviews that are both authentic and dynamic.

With respect to our hotel booking business, we further strengthened our leading position in 2019. The number of domestic room nights consumed on our platform in 2019 increased by 38.2% year-over-year to 392.4 million. Average daily rate per room night also experienced a steady year-over-year growth. More notably, the growth of domestic room nights in the fourth quarter of 2019 further accelerated and increased by 47.9% year-over-year, reaching 110 million quarterly room nights for two consecutive quarters. In 2019, we further solidified our leading position in lower-tier cities and low-star hotel segment because of our increased efforts on exploring offline traffic conversion and new traffic channels. Meanwhile, our high-star hotel booking business maintained healthy growth in 2019. Our “Hotel + X” strategy has enabled us to develop deeper relationships with an increasing number of high-star hotel groups by helping them increase their non-lodging revenues streams. Revenues contribution from high-end hotels further increased year-over-year for the fourth quarter of 2019.

### **New initiatives and others**

Revenues from the new initiatives and others segment increased by 81.5% year-over-year to RMB20.4 billion in 2019. Gross profit of the new initiatives and others segment increased to positive RMB2.3 billion in 2019 from negative RMB4.3 billion in 2018, while gross margin improved to positive 11.5% in 2019 from negative 37.9% in 2018. In the fourth quarter of 2019, revenues in this segment increased by 44.8% year-over-year to RMB6.1 billion in 2019. Gross profit increased to positive RMB1.3 billion in 2019 from negative RMB1.0 billion in 2018, while gross margin further expanded to positive 21.2% in 2019 from negative 23.3% in 2018.

For our bike-sharing and car-hailing services, we successfully reduced our losses during 2019 while improving operation efficiencies and developing synergies with other businesses on our platform. With respect to our bike-sharing services, most of our older bikes reached the end of their useful lives in the third quarter of 2019. As such, we have gradually replaced the remaining older bikes with new Meituan Bikes, which are painted in Meituan yellow, have a longer life span, are modified for a better user experience and may only be unlocked through the Meituan app. We believe that the new Meituan Bikes would have better unit economics and could create more synergies with our platform as compared to the old Mobike model. With respect to our car-hailing services, we have improved our control of operating losses after rolling out the “aggregated” model in 2019. We operated our car-hailing services in 54 cities as of the end of 2019.

In 2019, we continued to drive supply side digitization by investing in our restaurant management system and B2B food distribution services. With respect to our restaurant management system services, emphasis on merchant quality has become a priority in 2019, and both the number and percentage of high-quality merchants have increased. Continuous investment in R&D, product upgrade, as well as a higher standard of post-sale service quality further strengthened our position in this space. For the B2B food distribution services, we prioritized merchant development, product selection, and core capabilities in 2019. We focused on the development and maintenance of high-quality merchants as well as the growth of average revenue per user through an increase in their wallet share, purchase frequency, and ticket size. In addition, we adjusted our product structure according to the geographic distribution and purchase frequency of merchants. Notably, fresh produce and meat products accounted for a higher proportion of our product selection in 2019. We have also bolstered our quality control and pricing management capabilities for fresh products.

With respect to our grocery retail services, we continued to explore both our self-operated model and marketplace model while improving the operational efficiencies of both. With respect to our self-operated Meituan Grocery model, we have increased our warehouse density by setting up 96 warehouses in Beijing, Shanghai, and Shenzhen, as well as by establishing more than 30 locations for self-pickup in Wuhan as of the end of 2019. With respect to our marketplace model, Meituan Instashopping is positioned to be an online marketplace with tens of thousands of SKUs. These SKUs range from items that meet the daily needs of consumers to specialty items from selected vertical service categories, such as medical products and flowers. Notably, GTV growth of both medical products and flowers on our platform achieved robust growth in 2019.

## **Company Outlook for 2020 and Potential Adverse Impact of the Recent Coronavirus Outbreak**

Since the beginning of 2020, the coronavirus outbreak has resulted in tremendous near-term shocks to many industries in China. Local services, which are the focus of our e-commerce platform, have been impacted by this pandemic in many ways. Especially, the pandemic has already caused severe disruptions to the daily operations of our merchants, including restaurants, local services merchants and hotels, which in turn resulted in downward pressure on our own operations for the first quarter of 2020. Business segments such as food delivery and in-store, hotel and travel are all facing significant challenges on the demand side and supply side. As a result of the pandemic, we estimate that we would experience negative year-over-year revenues growth and operating loss for the first quarter of 2020. Due to the high uncertainty of the evolving situation, we are unable to fully ascertain the expected impact on full year 2020 at this stage; however, if it takes longer for user demand and merchant operations to recover to normal levels as the pandemic continues, the results of our operations for the following quarters could also be adversely impacted.

In face of such a severe pandemic, the first thing that comes across our mind is our position as an industry leader and the social responsibilities attached to our position. Therefore, we have been proactively providing supply assistance and helping to secure people's livelihood in pandemic-stricken areas. Additionally, we have continued to provide our services to people nationwide to ensure that their normal lives are not adversely affected during the pandemic.

At the very early stage of the pandemic, we established a special support fund of RMB200 million for medical staff across the country, with a focus on supporting medical staff in key areas of pandemic prevention and control, such as Wuhan, as well as medical teams who have come to Wuhan from other parts of the country to support local medical staff. We were the first to introduce "contact-free" delivery services in Wuhan, which has now been rolled out nationwide. Our Meituan Instashopping business continues to cooperate with supermarkets, pharmacies, convenience stores, fruit and vegetable stores in Wuhan and other regions to provide consumers with on-demand delivery of food, medicines, daily consumer goods and other products. Our grocery shopping business also continues to increase its number of high-quality suppliers, strengthen its food safety management, increase its procurement capabilities, and ensure the supply of groceries during the pandemic. During the pandemic, we extended the emergency service guarantee policy for travel orders to speed up the refund process for hotels, travel as well as train and air tickets. Our B2B food distribution services have also opened green channels for medical institutions in 34 cities while overcoming inventory and capacity challenges to ensure adequate supply of food during the pandemic. We have also suspended fee collection for the use of our bikes in Hubei during the pandemic, while donating more than 2.15 million free ride passes to medical professionals fighting against the coronavirus across the country. Our car-hailing services have rolled out the first real-name public transport system in China to assist the government to track pandemic information. We are also providing job matching services for millions of local service providers and tens of



millions of participants. To date, we have released 200,000 delivery riders job openings and thousands of other job openings across campuses and throughout the country.

At the same time, we have launched a series of assistance programs to help small and medium-sized merchants in the local service industry overcome the severe difficulties that they are facing during the pandemic. For example, we established a special fund to support the resumption of operations for merchants across the country. Further, we are working with our bank partners to provide RMB20 billion of loans with preferential interest rates to various merchants while providing free online courses to merchants on the best practices in pandemic response, food safety, storefront operations and other topics. With respect to our food delivery business, we have waived commissions for all food delivery restaurant merchants in Wuhan until after the city lockdown is over. Also, we have returned a portion of commissions to high-quality food delivery restaurant merchants nationwide to be used for online promotion and marketing in the future while providing free traffic support and subsidies to these merchants. With respect to our in-store business, we have waived commissions for the months of February and March for in-store dining restaurant merchants and local service merchants in Hubei as well as February commissions for in-store dining restaurant merchants and local service merchants across the country. In addition, we have extended the validity period of subscription-based services for two additional months for recently on-boarded in-store dining restaurant merchants and local service merchants as well as for those who have renewed their contracts with us within a specified period. With respect to our hotel and travel businesses, we provide subsidies to hotels, guesthouses and tourist attractions nationwide that worth a total of RMB1 billion, primarily to be used for online promotion and marketing. We also provide free insurance products to restaurant merchants in Wuhan and their employees, restaurant management systems to eligible restaurant merchants in Hubei, and anti-pandemic supplies and hotel management systems to hotels and guesthouses in Hubei.

We also launched a series of campaigns to further promote the gradual recovery of consumption. By establishing “Safe-dining Restaurants,” “Safe-stay Hotels,” and other services, we utilized our online capabilities to guide merchants in the process of streamlining, standardizing, and digitizing their pandemic and safety measures to help merchants attract customers. In addition, we launched “Safe Consumption Month” to provide consumers with subsidies and other benefits as well as our “Safe Reservation” services in cooperation with more than 50,000 in-store dining restaurants and tens of thousands of hotels and attractions across the country.

Meanwhile, we are providing additional support to our delivery riders who remain committed to providing delivery services during the pandemic. For example, we are implementing strict health management systems for our delivery riders, distributing pandemic prevention and control knowledge, upgrade anti-septic and pandemic prevention measures at delivery stations across the country, and provide insurance to our delivery riders. We will continue to implement and refine these measures to support every player in our ecosystem.

Although many businesses would be adversely impacted by the pandemic in 2020, we believe that many industries will re-accelerate towards a better direction in the long run. The pandemic has also made the society more aware of the urgency and importance of digitizing the service industry on both the demand and supply sides. As the leading e-commerce platform for services, we will be an important promoter, leader and long-term beneficiary of this long-term trend. In 2020, we will continue to execute our “Food + Platform” strategy and fulfill our mission of “We help people eat better, live better”. We will live up to the challenges throughout this pandemic, create more value for consumers and merchants, enhance consumer stickiness and deepen merchant relationship. Meanwhile, we will continue to actively invest in the areas in our ecosystem that we believe will drive the growth of our business, including merchants, consumers, delivery network, and technology.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Fourth Quarter of 2019 Compared to Fourth Quarter of 2018

The following table sets forth the comparative figures for the fourth quarter of 2019 and 2018:

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>		
Commission	<b>18,357,737</b>	13,150,122
Online marketing services	<b>4,937,769</b>	3,071,073
Interest revenue	<b>197,759</b>	134,325
Other services and sales	<b>4,664,988</b>	3,447,932
	<b>28,158,253</b>	19,803,452
Cost of revenues	<b>(18,440,124)</b>	(15,322,458)
<b>Gross profit</b>	<b>9,718,129</b>	4,480,994
Selling and marketing expenses	<b>(5,349,095)</b>	(4,535,051)
Research and development expenses	<b>(2,239,885)</b>	(1,981,826)
General and administrative expenses	<b>(1,232,474)</b>	(2,725,287)
Net provision for impairment losses on financial assets	<b>(332,004)</b>	(120,793)
Fair value changes on investments measured at fair value through profit or loss	<b>72,443</b>	990,653
Other gains, net	<b>786,746</b>	156,792
<b>Operating profit/(loss)</b>	<b>1,423,860</b>	(3,734,518)
Finance income	<b>53,519</b>	116,427
Finance costs	<b>(45,095)</b>	(15,407)
Share of gains/(losses) of investments accounted for using equity method	<b>57,646</b>	(56,875)
<b>Profit/(loss) before income tax</b>	<b>1,489,930</b>	(3,690,373)
Income tax (expenses)/credits	<b>(29,645)</b>	276,121
<b>Profit/(loss) for the period</b>	<b>1,460,285</b>	(3,414,252)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,178,650</b>	(854,601)
Adjusted net profit/(loss)	<b>2,270,219</b>	(1,581,682)

## Revenues

Our revenues increased by 42.2% to RMB28.2 billion for the fourth quarter of 2019 from RMB19.8 billion in the same period of 2018. The increase was primarily driven by (i) the increase in Gross Transaction Volume on our platform to RMB189.9 billion for the fourth quarter of 2019 from RMB138.0 billion in the same period of 2018, which was driven by the increase in the number of Transacting Users, their purchase frequency and average order value, and (ii) the increase in Monetization Rate to 14.8% for the fourth quarter of 2019 from 14.3% in the same period of 2018.

### Revenues by Segment

The following table sets forth our revenues by segment in absolute amount and as a percentage of total revenues for the fourth quarter of 2019 and 2018:

	Unaudited Three Months Ended			
	December 31, 2019		December 31, 2018	
	As a percentage of total Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Food delivery	15,715,710	55.8%	11,006,277	55.6%
In-store, hotel & travel	6,356,945	22.6%	4,594,132	23.2%
New initiatives and others	6,085,598	21.6%	4,203,043	21.2%
<b>Total</b>	<b>28,158,253</b>	<b>100.0%</b>	<b>19,803,452</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 42.8% to RMB15.7 billion for the fourth quarter of 2019 from RMB11.0 billion for the same period of 2018, primarily due to the increase in GTV driven by (i) the increase in the number of food delivery transactions, as a result of the increase in food delivery user base and their purchase frequency, and (ii) the increase in average order value.

Our revenues from the in-store, hotel & travel segment increased by 38.4% to RMB6.4 billion for the fourth quarter of 2019 from RMB4.6 billion for the same period of 2018, primarily due to (i) the increases in the number of Active Merchants and the average revenue per Active Merchant of our in-store and travel businesses, and (ii) the increase in the number of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 44.8% to RMB6.1 billion for the fourth quarter of 2019 from RMB4.2 billion for the same period of 2018, primarily due to the increases in the revenues from the B2B food distribution services, micro loan business, Meituan Instashopping and integrated payment services, partly offset by the decrease in the revenues from car-hailing services.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of total revenues for the fourth quarter of 2019 and 2018:

	<b>Unaudited Three Months Ended</b>			
	<b>December 31, 2019</b>		December 31, 2018	
	<b>As a percentage of total Amount</b>	<b>revenues</b>	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	<b>18,357,737</b>	<b>65.2%</b>	13,150,122	66.4%
Online marketing services	<b>4,937,769</b>	<b>17.5%</b>	3,071,073	15.5%
Other services and sales (including interest revenue)	<b>4,862,747</b>	<b>17.3%</b>	3,582,257	18.1%
<b>Total</b>	<b><u>28,158,253</u></b>	<b><u>100.0%</u></b>	<b><u>19,803,452</u></b>	<b><u>100.0%</u></b>

Our commission revenues increased by 39.6% to RMB18.4 billion for the fourth quarter of 2019 from RMB13.2 billion for the same period of 2018, primarily attributable to the substantial growth of our GTV, especially from our food delivery business.

Our online marketing services revenues increased by 60.8% to RMB4.9 billion for the fourth quarter of 2019 from RMB3.1 billion for the same period of 2018, primarily due to the increase in the number of online marketing Active Merchants.

Our other services and sales revenues increased by 35.7% to RMB4.9 billion for the fourth quarter of 2019 from RMB3.6 billion for the same period of 2018, primarily due to the growth of revenues from our B2B food distribution services and micro loan business, partially offset by the decrease in the revenues from our car-hailing services.

## Cost of Revenues

Our cost of revenues increased by 20.3% to RMB18.4 billion for the fourth quarter of 2019 from RMB15.3 billion in the same period of 2018, primarily attributable to the increase in food delivery rider costs as a result of the increase in the number of food deliveries completed.

The following table sets forth our cost of revenues by segment for the fourth quarter of 2019 and 2018:

	<b>Unaudited Three Months Ended</b>			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<b>As a percentage of total cost Amount of revenues</b>		<b>As a percentage of total cost Amount of revenues</b>	
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	<b>12,928,774</b>	<b>70.1%</b>	9,534,556	62.2%
In-store, hotel & travel	<b>714,450</b>	<b>3.9%</b>	605,874	4.0%
New initiatives and others	<b>4,796,900</b>	<b>26.0%</b>	5,182,028	33.8%
<b>Total</b>	<b><u>18,440,124</u></b>	<b><u>100.0%</u></b>	<b><u>15,322,458</u></b>	<b><u>100.0%</u></b>

Cost of revenues for our food delivery business increased by 35.6% to RMB12.9 billion for the fourth quarter of 2019 from RMB9.5 billion for the same period of 2018, primarily attributable to the increase in food delivery rider costs as a result of the increase in the volume of orders delivered.

Cost of revenues for our in-store, hotel & travel businesses increased by 17.9% to RMB714.5 million for the fourth quarter of 2019 from RMB605.9 million for the same period of 2018. The increase was primarily attributable to the increases in online traffic costs, which was in line with the growth of our online marketing revenues, bandwidth and server custody fees relating to our data storage improvement project, and depreciation of property, plant and equipment.

Cost of revenues for our new initiatives and others businesses decreased by 7.4% to RMB4.8 billion for the fourth quarter of 2019 from RMB5.2 billion for the same period of 2018, mainly due to the decreases in our car-hailing driver-related costs and depreciation expenses of our bike-sharing service, partially offset by the increases in the cost of goods sold, payment processing costs, and delivery rider costs, resulting from the growth of our B2B food distribution services, integrated payment services, and Meituan Instashopping, respectively.

## ***Gross Profit and Gross Margin***

The following table sets forth our gross profit both in absolute amount and as a percentage of revenues, or gross margin, by segment for the periods indicated:

	<b>Unaudited Three Months Ended</b>			
	<b>December 31, 2019</b>		<b>December 31, 2018</b>	
	<b>As a percentage of revenues</b>	<b>As a percentage of revenues</b>		
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
	<i>(RMB in thousands, except for percentages)</i>			
<b>Gross profit/(loss):</b>				
Food delivery	<b>2,786,936</b>	<b>17.7%</b>	1,471,721	13.4%
In-store, hotel & travel	<b>5,642,495</b>	<b>88.8%</b>	3,988,258	86.8%
New initiatives and others	<b>1,288,698</b>	<b>21.2%</b>	(978,985)	(23.3%)
<b>Total</b>	<b><u>9,718,129</u></b>	<b>34.5%</b>	<b><u>4,480,994</u></b>	<b>22.6%</b>

As a result of the foregoing, our gross profit for the fourth quarter of 2019 and 2018 was RMB9.7 billion and RMB4.5 billion, respectively. The gross margin of our food delivery business improved by 4.3 points on a year-over-year basis as we enhanced our delivery network efficiency through economy of scale and expanded our service offering to merchants, including online marketing services. The gross margin of our in-store, hotel & travel businesses increased by 2.0 points on a year-over-year basis, primarily attributable to economy of scale of our hotel booking business. The gross margin of our new initiatives and others businesses turned to positive 21.2% for the fourth quarter of 2019, representing an improvement of 44.5 points on a year-over-year basis, mainly due to (i) improved gross margin of our bike-sharing services as we gradually phased out the old bikes and replaced them with new Meituan Bikes, (ii) improved gross margin of Meituan Instashopping benefiting from a higher delivery network efficiency, and (iii) change in product and service mix.

## ***Selling and Marketing Expenses***

Our selling and marketing expenses increased to RMB5.3 billion for the fourth quarter of 2019 from RMB4.5 billion in the same period of 2018, and decreased to 19.0% from 22.9% as a percentage of total revenues. The increase in amount was primarily attributable to (i) an increase of RMB823.6 million in Transacting User incentives, as we extended more subsidies to support business growth, especially for our hotel booking business, and (ii) an increase of RMB101.0 million in employee benefits expenses, due to the increase in average salaries and benefits of our selling and marketing personnel. Promotion and advertising expenses decreased by RMB78.4 million, mainly due to our reduced spending on holiday campaigns. The decrease in percentage of total revenues was attributable to our improved sales productivity and marketing efficiency.

## ***Research and Development Expenses***

Our research and development expenses increased to RMB2.2 billion for the fourth quarter of 2019 from RMB2.0 billion in the same period of 2018, and decreased to 8.0% from 10.0% as a percentage of revenues. The increase was primarily attributable to an increase of RMB226.5 million in employee benefits expenses, due to the increase in both average salaries and benefits and share-based compensation expenses of our research and development personnel.

### ***General and Administrative Expenses***

Our general and administrative expenses decreased to RMB1.2 billion for the fourth quarter of 2019 from RMB2.7 billion in the same period of 2018, and decreased to 4.4% from 13.8% as a percentage of revenues. Excluding the effect of RMB1.3 billion of impairment provision of intangible assets, which resulted from the change in our branding strategy for the bike-sharing services, and RMB132.0 million of impairment provision for Mobike's overseas restructuring in the fourth quarter of 2018, our general and administrative expenses remained flat year-over-year.

### ***Net Provision for Impairment Losses on Financial Assets***

Our net provision for impairment losses on financial assets was RMB332.0 million for the fourth quarter of 2019, compared to RMB120.8 million for the same period of 2018, and increased by 0.6 points to 1.2% as a percentage of revenues year-over-year, primarily due to the increase in loan loss provision as our micro loan business grew.

### ***Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss***

Our fair value changes on investments measured at fair value through profit or loss for the fourth quarter of 2019 decreased by RMB918.2 million compared to the same period of 2018, primarily due to less fair value gain from our investee companies.

### ***Other Gains, Net***

Our other gains, net for the fourth quarter of 2019 increased by RMB630.0 million compared to the same period of 2018, primarily attributable to (i) an increase of RMB307.3 million in subsidies and tax preference, (ii) an increase of RMB126.6 million in gains from investments in term deposits with initial terms of over three months and wealth management products, and (iii) less foreign exchange loss.

### ***Operating Profit/(Loss)***

As a result of the foregoing, our operating profit for the fourth quarter of 2019 was RMB1.4 billion, compared to an operating loss of RMB3.7 billion in the same period of 2018.

### ***Profit/(Loss) before Income Tax***

Primarily as a result of the foregoing, our profit before income tax for the fourth quarter of 2019 was RMB1.5 billion, compared to a loss of RMB3.7 billion in the same period of 2018.

### ***Income Tax (Expenses)/Credits***

We had income tax expenses of RMB29.6 million for the fourth quarter of 2019, compared to income tax credits of RMB276.1 million in the same period of 2018, primarily due to the increase in net profits from some of our taxable entities.

### ***Profit/(Loss) for the Period***

As a result of the foregoing, we had a profit of RMB1.5 billion for the fourth quarter of 2019, compared to a loss of RMB3.4 billion in the same period of 2018.

## Fourth Quarter of 2019 Compared to Third Quarter of 2019

The following table sets forth the comparative figures for the fourth and third quarter of 2019:

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2019</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>		
Commission	<b>18,357,737</b>	18,573,968
Online marketing services	<b>4,937,769</b>	4,409,272
Interest revenue	<b>197,759</b>	227,800
Other services and sales	<b>4,664,988</b>	4,282,589
	<b>28,158,253</b>	27,493,629
Cost of revenues	<b>(18,440,124)</b>	(17,901,345)
<b>Gross profit</b>	<b>9,718,129</b>	9,592,284
Selling and marketing expenses	<b>(5,349,095)</b>	(5,614,750)
Research and development expenses	<b>(2,239,885)</b>	(2,137,349)
General and administrative expenses	<b>(1,232,474)</b>	(1,055,969)
Net provision for impairment losses on financial assets	<b>(332,004)</b>	(111,990)
Fair value changes on investments measured at fair value through profit or loss	<b>72,443</b>	163,615
Other gains, net	<b>786,746</b>	611,223
<b>Operating profit</b>	<b>1,423,860</b>	1,447,064
Finance income	<b>53,519</b>	38,235
Finance costs	<b>(45,095)</b>	(49,011)
Share of gains of investments accounted for using equity method	<b>57,646</b>	24,329
<b>Profit before income tax</b>	<b>1,489,930</b>	1,460,617
Income tax expenses	<b>(29,645)</b>	(127,235)
<b>Profit for the period</b>	<b>1,460,285</b>	1,333,382
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>2,178,650</b>	2,285,301
Adjusted net profit	<b>2,270,219</b>	1,942,049



## Revenues

Our revenues increased by 2.4% to RMB28.2 billion for the fourth quarter of 2019 from RMB27.5 billion for the third quarter of 2019, primarily driven by the increase in Monetization Rate to 14.8% from 14.1%.

### Revenues by Segment

The following table sets forth our revenues by segment in absolute amount and as a percentage of total revenues for the fourth and third quarter of 2019:

	Unaudited Three Months Ended			
	December 31, 2019		September 30, 2019	
	As a percentage of total Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues</b>				
Food delivery	15,715,710	55.8%	15,576,972	56.7%
In-store, hotel & travel	6,356,945	22.6%	6,181,117	22.5%
New initiatives and others	6,085,598	21.6%	5,735,540	20.8%
<b>Total</b>	<b>28,158,253</b>	<b>100.0%</b>	<b>27,493,629</b>	<b>100.0%</b>

Our revenues from the food delivery segment increased by 0.9% to RMB15.7 billion for the fourth quarter of 2019, relatively stable compared to the third quarter of 2019, mainly due to the expansion of our online marketing service offering to merchants, partially offset by the change of delivery order mix due to seasonality.

Our revenues from the in-store, hotel & travel segment increased by 2.8% to RMB6.4 billion for the fourth quarter of 2019 from RMB6.2 billion for the third quarter of 2019, primarily due to the increase in the number of Active Merchants from our in-store, hotel & travel businesses.

Our revenues from the new initiatives and others segment increased by 6.1% to RMB6.1 billion for the fourth quarter of 2019 from RMB5.7 billion for the third quarter of 2019, primarily due to the increases in the revenues from the B2B food distribution services, micro loan business, grocery retail business and Meituan Instashopping, partly offset by the decrease in the revenues from bike-sharing services and car-hailing services.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of total revenues for the fourth and third quarter of 2019:

	<b>Unaudited Three Months Ended</b>			
	<b>December 31, 2019</b>		September 30, 2019	
	<b>As a percentage of total Amount</b>	<b>revenues</b>	<b>Amount</b>	<b>As a percentage of total revenues</b>
	<i>(RMB in thousands, except for percentages)</i>			
<b>Revenues</b>				
Commission	<b>18,357,737</b>	<b>65.2%</b>	18,573,968	67.6%
Online marketing services	<b>4,937,769</b>	<b>17.5%</b>	4,409,272	16.0%
Other services and sales (including interest revenue)	<b>4,862,747</b>	<b>17.3%</b>	4,510,389	16.4%
<b>Total</b>	<b><u>28,158,253</u></b>	<b><u>100.0%</u></b>	<b><u>27,493,629</u></b>	<b><u>100.0%</u></b>

Our commission revenues decreased by 1.2% to RMB18.4 billion for the fourth quarter of 2019, mainly due to the change of food delivery order mix and a decrease in the demand for attraction ticketing, both caused by seasonality.

Our online marketing services revenues increased by 12.0% to RMB4.9 billion for the fourth quarter of 2019 from RMB4.4 billion for the third quarter of 2019, primarily due to the increases in the number of online marketing Active Merchants and the average revenue per online marketing Active Merchant.

Our other services and sales revenues increased by 7.8% to RMB4.9 billion for the fourth quarter of 2019 from RMB4.5 billion for the third quarter of 2019, primarily due to the revenues growth of our B2B food distribution services, micro loan business and grocery retail business, partially offset by the decrease in the revenues from bike-sharing services.

## Cost of Revenues

Our cost of revenues increased by 3.0% to RMB18.4 billion for the fourth quarter of 2019 from RMB17.9 billion for the third quarter of 2019, attributable to higher delivery rider costs in the winter season and the growth of our new initiatives and others businesses.

The following table sets forth our cost of revenues by segment for the fourth and third quarter of 2019:

	<b>Unaudited Three Months Ended</b>			
	<b>December 31, 2019</b>		<b>September 30, 2019</b>	
	<b>Amount</b>	<b>As a percentage of total cost of revenues</b>	<b>Amount</b>	<b>As a percentage of total cost of revenues</b>
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	12,928,774	70.1%	12,531,750	70.0%
In-store, hotel & travel	714,450	3.9%	704,900	3.9%
New initiatives and others	4,796,900	26.0%	4,664,695	26.1%
<b>Total</b>	<b>18,440,124</b>	<b>100.0%</b>	<b>17,901,345</b>	<b>100.0%</b>

Cost of revenues for our food delivery business increased by 3.2% to RMB12.9 billion for the fourth quarter of 2019 from RMB12.5 billion for the third quarter of 2019, primarily attributable to the increase in food delivery rider costs as a result of the increase of winter subsidies paid to delivery riders for working during the cold weather conditions.

Cost of revenues for our in-store, hotel & travel businesses slightly increased by 1.4% to RMB714.5 million for the fourth quarter of 2019 from RMB704.9 million for the third quarter of 2019, mainly in line with revenues growth.

Cost of revenues for the new initiatives and others businesses increased by 2.8% to RMB4.8 billion for the fourth quarter of 2019 from RMB4.7 billion for the third quarter of 2019, mainly due to the increase in cost of goods sold resulting from the growth of our B2B food distribution services and grocery retail business, partially offset by the decrease in depreciation expenses in our bike-sharing services and car-hailing driver-related costs.

### ***Gross Profit and Gross Margin***

The following table sets forth our gross profit both in absolute amount and as a percentage of revenues, or gross margin, by segment for the periods indicated:

	<b>Unaudited Three Months Ended</b>			
	<b>December 31, 2019</b>		<b>September 30, 2019</b>	
	<b>Amount</b>	<b>As a percentage of revenues</b>	<b>Amount</b>	<b>As a percentage of revenues</b>
<i>(RMB in thousands, except for percentages)</i>				
<b>Gross profit:</b>				
Food delivery	2,786,936	17.7%	3,045,222	19.5%
In-store, hotel & travel	5,642,495	88.8%	5,476,217	88.6%
New initiatives and others	1,288,698	21.2%	1,070,845	18.7%
<b>Total</b>	<b>9,718,129</b>	<b>34.5%</b>	<b>9,592,284</b>	<b>34.9%</b>

As a result of the foregoing, our gross profit for the fourth quarter of 2019 and the third quarter of 2019 was RMB9.7 billion and RMB9.6 billion, respectively. The gross margin of our food delivery business reduced by 1.8 points on a quarter-over-quarter basis, due to seasonality as we paid more subsidies to delivery riders in the winter season. The gross margin of our in-store, hotel & travel businesses remained relatively stable on a quarter-over-quarter basis. The gross margin of our new initiatives and others businesses improved by 2.5 points on a quarter-over-quarter basis, mainly due to product and service mix change.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses decreased to RMB5.3 billion for the fourth quarter of 2019 from RMB5.6 billion for the third quarter of 2019 and decreased to 19.0% from 20.4% as a percentage of revenues. This decrease was primarily attributable to (i) a decrease of RMB416.5 million in Transacting User incentives, mainly driven by the reduction of subsidies for the food delivery business, as our Food Delivery Membership Program yielded better marketing efficiency, and (ii) a decrease of RMB56.6 million in employee benefits expenses, which was partially offset by an increase of RMB171.0 million in promotion and advertising expenses as we invested more in promotional and branding campaigns at year end.

### ***Research and Development Expenses***

Our research and development expenses increased to RMB2.2 billion for the fourth quarter of 2019 from RMB2.1 billion for the third quarter of 2019 and increased to 8.0% from 7.8% as a percentage of revenues. This increase was primarily attributable to an increase of RMB67.1 million in employee benefits expenses.

### ***General and Administrative Expenses***

Our general and administrative expenses increased to RMB1.2 billion for the fourth quarter of 2019 from RMB1.1 billion for the third quarter of 2019 and increased to 4.4% from 3.8% as a percentage of revenues. This increase was primarily attributable to the increase in share-based compensation expenses.

### ***Net Provision for Impairment Losses on Financial Assets***

Our net provision for impairment losses on financial assets was RMB332.0 million for the fourth quarter of 2019, compared to RMB112.0 million for the third quarter of 2019 and increased by 0.8 points to 1.2% as a percentage of revenues quarter-over-quarter, primarily due to the increase in loan loss provision and impairment of certain financial instruments.

### ***Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss***

Our fair value changes on investments measured at fair value through profit or loss for the fourth quarter of 2019 decreased by RMB91.2 million compared to the third quarter of 2019, primarily due to less fair value gain from certain investments.

### ***Other Gains, Net***

Our other gains, net for the fourth quarter of 2019 increased by RMB175.5 million compared to the third quarter of 2019, mainly attributable to an increase in subsidies and tax preference.

### ***Operating Profit***

As a result of the foregoing, our operating profit for the fourth quarter of 2019 was RMB1.4 billion, compared to an operating profit of RMB1.4 billion for the third quarter of 2019.

### ***Profit before Income Tax***

Primarily as a result of the foregoing, our profit before income tax for the fourth quarter of 2019 was RMB1.5 billion, compared to a profit of RMB1.5 billion for the third quarter of 2019.

### ***Income Tax Expenses***

We had income tax expenses of RMB29.6 million for the fourth quarter of 2019, compared to income tax expenses of RMB127.2 million for the third quarter of 2019, primarily due to the recognition of deferred tax assets arising from a previously unrecognized temporary difference with the change of certain entities' profit position.

### ***Profit for the Period***

As a result of the foregoing, we had profits of RMB1.5 billion and RMB1.3 billion for the fourth and third quarter of 2019, respectively.

## Year ended December 31, 2019 Compared to Year ended December 31, 2018

The following table sets forth the comparative figures for the years ended December 31, 2019 and 2018:

	<b>Year Ended</b>	
	<b>December 31, 2019</b>	<b>December 31, 2018</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>		
Commission	<b>65,525,997</b>	47,012,249
Online marketing services	<b>15,840,078</b>	9,391,406
Interest revenue	<b>786,032</b>	456,077
Other services and sales	<b>15,376,424</b>	8,367,546
	<b>97,528,531</b>	65,227,278
Cost of revenues	<b>(65,208,143)</b>	(50,122,320)
<b>Gross profit</b>	<b>32,320,388</b>	15,104,958
Selling and marketing expenses	<b>(18,819,067)</b>	(15,871,901)
Research and development expenses	<b>(8,445,664)</b>	(7,071,900)
General and administrative expenses	<b>(4,338,954)</b>	(5,546,037)
Net provision for impairment losses on financial assets	<b>(645,685)</b>	(285,655)
Fair value changes on investments measured at fair value through profit or loss	<b>77,699</b>	1,836,382
Other gains, net	<b>2,531,143</b>	748,356
<b>Operating profit/(loss)</b>	<b>2,679,860</b>	(11,085,797)
Finance income	<b>166,217</b>	294,047
Finance costs	<b>(191,042)</b>	(44,732)
Fair value changes of convertible redeemable preferred shares	-	(104,606,058)
Share of gains/(losses) of investments accounted for using equity method	<b>107,353</b>	(48,267)
<b>Profit/(loss) before income tax</b>	<b>2,762,388</b>	(115,490,807)
Income tax expenses	<b>(526,223)</b>	(1,888)
<b>Profit/(loss) for the year</b>	<b>2,236,165</b>	(115,492,695)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>7,253,634</b>	(4,733,831)
Adjusted net profit/(loss)	<b>4,656,685</b>	(8,345,621)

## Revenues

Our revenues increased by 49.5% to RMB97.5 billion in 2019 from RMB65.2 billion in 2018. The increase was primarily driven by (i) the increase in Gross Transaction Volume on our platform to RMB682.1 billion in 2019 from RMB515.6 billion in 2018, which was in turn driven by the increase in the number of Transacting Users and their purchase frequency, (ii) the increase in Monetization Rate to 14.3% in 2019 from 12.6% in 2018, and (iii) our exploration of new initiatives.

### Revenues by Segment

The following table sets forth our revenues by segment in absolute amount and as a percentage of total revenues in 2019 and 2018:

	Year Ended			
	December 31, 2019		December 31, 2018	
	As a percentage of total Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
	<i>(RMB in thousands, except for percentages)</i>			
<b>Revenues:</b>				
Food delivery	<b>54,843,205</b>	<b>56.2%</b>	38,143,083	58.5%
In-store, hotel & travel	<b>22,275,472</b>	<b>22.8%</b>	15,840,361	24.3%
New initiatives and others	<b>20,409,854</b>	<b>21.0%</b>	11,243,834	17.2%
<b>Total</b>	<b><u>97,528,531</u></b>	<b><u>100.0%</u></b>	<b><u>65,227,278</u></b>	<b><u>100.0%</u></b>

Our revenues from the food delivery segment increased by 43.8% to RMB54.8 billion in 2019 from RMB38.1 billion in 2018, primarily due to (i) the increase in GTV, which was driven by the increase in the number of food delivery transactions as a result of the increase in food delivery user base and their purchase frequency, and the increase in average order value, and (ii) the increase in Monetization Rate.

Our revenues from the in-store, hotel & travel segment increased by 40.6% to RMB22.3 billion in 2019 from RMB15.8 billion in 2018, primarily due to (i) the increase in the average revenue per Active Merchant of our in-store and travel businesses, and (ii) the increase in the number of domestic room nights consumed on our platform.

Our revenues from the new initiatives and others segment increased by 81.5% to RMB20.4 billion in 2019 from RMB11.2 billion in 2018, primarily due to the increases in the revenues from the B2B food distribution services, micro loan business, Meituan Instashopping and integrated payment services.

## Revenues by Type

The following table sets forth our revenues by type in absolute amount and as a percentage of total revenues in 2019 and 2018:

	Year Ended			
	December 31, 2019		December 31, 2018	
	Amount	As a percentage of total revenues	Amount	As a percentage of total revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Revenues:</b>				
Commission	65,525,997	67.2%	47,012,249	72.1%
Online marketing services	15,840,078	16.2%	9,391,406	14.4%
Other services and sales (including interest revenue)	16,162,456	16.6%	8,823,623	13.5%
<b>Total</b>	<b>97,528,531</b>	<b>100.0%</b>	<b>65,227,278</b>	<b>100.0%</b>

Our commission revenues increased by 39.4% to RMB65.5 billion in 2019 from RMB47.0 billion in 2018, primarily due to the substantial growth of our GTV, especially from our food delivery business.

Our online marketing services revenues increased by 68.7% to RMB15.8 billion in 2019 from RMB9.4 billion in 2018, primarily due to the increase in the number of online marketing Active Merchants and the average revenue per online marketing Active Merchant.

Our other services and sales revenues increased by 83.2% to RMB16.2 billion in 2019 from RMB8.8 billion in 2018, primarily due to the growth of revenues from our B2B food distribution services, micro loan business, grocery retail business, bike-sharing services and car-hailing services.

## Cost of Revenues

Our cost of revenues increased by 30.1% to RMB65.2 billion in 2019 from RMB50.1 billion in 2018. This increase was attributable to our revenues growth in 2019, especially the strong growth of our food delivery segment and our new initiatives and others segment.

The following table sets forth our cost of revenues by segment in 2019 and 2018:

	Year Ended			
	December 31, 2019		December 31, 2018	
	Amount	As a percentage of total cost of revenues	Amount	As a percentage of total cost of revenues
<i>(RMB in thousands, except for percentages)</i>				
<b>Cost of revenues:</b>				
Food delivery	44,610,017	68.4%	32,874,886	65.6%
In-store, hotel & travel	2,529,117	3.9%	1,745,006	3.5%
New initiatives and others	18,069,009	27.7%	15,502,428	30.9%
<b>Total</b>	<b>65,208,143</b>	<b>100.0%</b>	<b>50,122,320</b>	<b>100.0%</b>



Cost of revenues for our food delivery business increased by 35.7% to RMB44.6 billion in 2019 from RMB32.9 billion in 2018, primarily attributable to the increase in food delivery rider costs as a result of the increase in the volume of orders delivered.

Cost of revenues for our in-store, hotel & travel businesses increased by 44.9% to RMB2.5 billion in 2019 from RMB1.7 billion in 2018. This increase was primarily attributable to the increases in online traffic costs, which was in line with the growth of our online marketing revenues, depreciation of property, plant and equipment, bandwidth and server custody fees relating to our data storage improvement project, and payment processing costs.

Cost of revenues for our new initiatives and others businesses increase by 16.6% to RMB18.1 billion in 2019 from RMB15.5 billion in 2018, mainly attributable to the increases in cost of goods sold, resulting from the growth of our B2B food distribution services and grocery retail business, delivery rider costs relating to the growth of Meituan Instashopping, and payment processing costs from our integrated payment services, partially offset by the decrease in depreciation expenses in our bike-sharing services and car-hailing driver-related costs.

### ***Gross Profit and Gross Margin***

The following table sets forth our gross profit both in absolute amount and as a percentage of revenues, or gross margin, by segment in 2019 and 2018:

	<b>Year Ended</b>			
	<b>December 31, 2019</b>		<b>December 31, 2018</b>	
	<b>As a</b>		<b>As a</b>	
	<b>percentage</b>		<b>percentage</b>	
	<b>Amount of revenues</b>	<b>Amount</b>	<b>of revenues</b>	<b>of revenues</b>
	<i>(RMB in thousands, except for percentages)</i>			
<b>Gross profit/(loss):</b>				
Food delivery	<b>10,233,188</b>	<b>18.7%</b>	5,268,197	13.8%
In-store, hotel & travel	<b>19,746,355</b>	<b>88.6%</b>	14,095,355	89.0%
New initiatives and others	<b>2,340,845</b>	<b>11.5%</b>	(4,258,594)	(37.9%)
<b>Total</b>	<b><u>32,320,388</u></b>	<b>33.1%</b>	<b><u>15,104,958</u></b>	<b>23.2%</b>

As a result of the foregoing, our gross profit in 2019 and 2018 was RMB32.3 billion and RMB15.1 billion, respectively. The gross margin of our food delivery business improved by 4.9 points on a year-over-year basis as we enhanced our delivery network efficiency through economy of scale and expanded our service offering to merchants, including online marketing services. The gross margin of our in-store, hotel & travel businesses remained relatively stable on a year-over-year basis. The gross margin of our new initiatives and others businesses turned to positive 11.5% in 2019, representing an improvement of 49.4 points on a year-over-year basis, mainly due to (i) improved gross margin of our bike-sharing services as we phased out the old bikes and replaced them with new Meituan Bikes with longer useful lives, (ii) narrowed losses of our car-hailing services as we reduced the incentives paid to drivers, (iii) positive gross margin of Meituan Instashopping benefiting from the improvement of our delivery network efficiency, and (iv) change in product and service mix.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased to RMB18.8 billion in 2019 from RMB15.9 billion in 2018, and decreased to 19.3% from 24.3% as a percentage of total revenues. This increase in amount was primarily attributable to (i) an increase of RMB2.7 billion in Transacting User incentives, as we extended more subsidies to support business growth, especially for hotel booking and food delivery businesses, (ii) an increase of RMB755.1 million in employee benefits expenses, due to the increase in both average salaries and benefits and share-based compensation expenses of our selling and marketing personnel, and (iii) an increase of RMB240.4 million in depreciation and rental expenses, mainly driven by the growth of our grocery retail and B2B food supply chain businesses. Promotion and advertising expenses decreased by RMB1.1 billion on a year-over-year basis, mainly resulting from our efforts on exploring more effective marketing channels. The decrease in percentage of total revenues was attributable to our improved sales productivity and marketing efficiency.

### ***Research and Development Expenses***

Our research and development expenses increased to RMB8.4 billion in 2019 from RMB7.1 billion in 2018, and decreased to 8.7% from 10.8% as a percentage of revenues. This increase was primarily attributable to an increase of RMB1.2 billion in employee benefits expenses.

### ***General and Administrative Expenses***

Our general and administrative expenses decreased to RMB4.3 billion in 2019 from RMB5.5 billion in 2018 and decreased to 4.4% from 8.5% as a percentage of revenues. Excluding the effect of RMB1.3 billion of impairment provision of intangible assets, which resulted from the change in our branding strategy for the bike-sharing services, and RMB132.0 million and RMB14.9 million of impairment provision for Mobike's overseas restructuring in 2018 and 2019, respectively, our general and administrative expenses increased by RMB256.0 million on a year-over-year basis, primarily attributable to an increase of RMB398.2 million in employee benefits expenses.

### ***Net Provision for Impairment Losses on Financial Assets***

Our net provision for impairment losses on financial assets was RMB645.7 million in 2019, compared to RMB285.7 million in 2018, primarily due to the increase in loan loss provision as our micro loan business grew.

### ***Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss***

Our fair value changes on investments measured at fair value through profit or loss in 2019 decreased by RMB1.8 billion compared to 2018, primarily due to less fair value gain from our investee companies.

### ***Other Gains, Net***

Our other gains, net in 2019 increased by RMB1.8 billion compared to 2018, primarily attributable to (i) an increase of RMB980.8 million in gains from investments in term deposits with initial terms of over three months and wealth management products, (ii) an increase of RMB391.2 million in subsidies and tax preference, (iii) gains of RMB176.9 million from the remeasurement of investments, and (iv) an increase of RMB131.5 million in gains from the disposal of investments.

### ***Operating Profit/(Loss)***

As a result of the foregoing, our operating profit in 2019 was RMB2.7 billion, compared to an operating loss of RMB11.1 billion in 2018.

### ***Fair Value Changes of Convertible Redeemable Preferred Shares***

Fair value changes of convertible redeemable preferred shares were nil in 2019 as a result of the completion of our initial public offering in September 2018, compared to a loss of RMB104.6 billion in the same period of 2018.

### ***Profit/(Loss) before Income Tax***

Primarily as a result of the foregoing, our profit before income tax in 2019 was RMB2.8 billion, compared to a loss of RMB115.5 billion in 2018.

### ***Income Tax Expenses***

We had income tax expenses of RMB526.2 million in 2019, compared to income tax expenses of RMB1.9 million in 2018, primarily due to the increase in net profits from some of our taxable entities.

### ***Profit/(Loss) for the Year***

As a result of the foregoing, we had a profit of RMB2.2 billion in 2019, compared to a loss of RMB115.5 billion in 2018.

### ***Important Events after Reporting Date***

Other than the coronavirus outbreak previously disclosed in this document, there were no important events affecting the Company and its subsidiaries which occurred after December 31, 2019 and up to the date of this announcement.

### ***Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures***

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted EBITDA and adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of investment transactions. The use of these non-IFRS measures have limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measures for the fourth quarter of 2019 and 2018, the third quarter of 2019 and the years ended December 31, 2019 and 2018, to the nearest measures prepared in accordance with IFRS.

	<b>Unaudited Three Months Ended</b>		
	<b>December 31, 2019</b>	December 31, 2018	September 30, 2019
<i>(RMB in thousands)</i>			
Profit/(loss) for the period	<b>1,460,285</b>	(3,414,252)	1,333,382
Adjusted for:			
Share-based compensation expenses	<b>700,133</b>	643,223	537,169
Fair value (gains) on investments <sup>(1)</sup>	<b>(72,443)</b>	(984,359)	(163,615)
(Gains)/losses on disposal of investments and subsidiaries <sup>(2)</sup>	<b>(43,889)</b>	–	2,222
Amortization of intangible assets resulting from acquisitions	<b>165,547</b>	188,742	165,547
Impairment and expense provision for Mobike restructuring plan	<b>7,977</b>	358,790	85,759
Impairment of intangible assets <sup>(3)</sup>	–	1,346,000	–
Net provision for impairment losses on financial assets	<b>57,333</b>	–	–
Tax effects on non-IFRS adjustments <sup>(4)</sup>	<b>(4,724)</b>	280,174	(18,415)
<b>Adjusted net profit/(loss)</b>	<b>2,270,219</b>	(1,581,682)	1,942,049
Adjusted for:			
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	<b>34,369</b>	(556,295)	145,650
Share of (gains)/losses of investments accounted for using equity method	<b>(57,646)</b>	56,875	(24,329)
Finance income	<b>(53,519)</b>	(116,427)	(38,235)
Finance costs	<b>45,095</b>	15,407	49,011
Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries	<b>(742,857)</b>	(163,086)	(613,445)
Amortization of software and others	<b>135,776</b>	128,795	131,037
Depreciation on property, plant and equipment <sup>(5)</sup>	<b>547,213</b>	1,361,812	693,563
<b>Adjusted EBITDA</b>	<b>2,178,650</b>	(854,601)	2,285,301

<sup>(1)</sup> Represents gains or losses from fair value changes on investments, including (i) fair value changes on investments measured at fair value through profit or loss and (ii) dilution gain.

<sup>(2)</sup> Represents gains or losses from disposal of investments and subsidiaries.

<sup>(3)</sup> Represents impairment provision of intangible assets resulting from the change in the branding strategy for our bike-sharing services.

<sup>(4)</sup> Represents income tax effects on non-IFRS adjustments.

<sup>(5)</sup> The RMB547.2 million depreciation on property, plant and equipment for the fourth quarter of 2019 included RMB194.6 million depreciation of right-of-use assets as a result of the adoption of IFRS16 Leases. This expense was used to be recognized as rental, facilities and utilities in prior years.

	<b>Year Ended</b>	
	<b>December 31, 2019</b>	<b>December 31, 2018</b>

*(RMB in thousands)*

Profit/(loss) for the year	<b>2,236,165</b>	(115,492,695)
Adjusted for:		
Fair value changes of convertible redeemable preferred shares	–	104,606,058
Share-based compensation expenses	<b>2,190,871</b>	1,865,113
Fair value (gains) on investments <sup>(1)</sup>	<b>(169,059)</b>	(1,834,296)
(Gains) on disposal of investments and subsidiaries <sup>(2)</sup>	<b>(201,061)</b>	(29,426)
(Gains) from the remeasurement of investments <sup>(3)</sup>	<b>(176,880)</b>	–
Amortization of intangible assets resulting from acquisitions	<b>662,190</b>	663,268
Impairment and expense provision for		
Mobike restructuring plan	<b>88,612</b>	358,790
Impairment of intangible assets <sup>(4)</sup>	–	1,346,000
Net provision for impairment losses on financial assets	<b>57,333</b>	–
Tax effects on non-IFRS adjustments <sup>(5)</sup>	<b>(31,486)</b>	171,567
<b>Adjusted net profit/(loss)</b>	<b>4,656,685</b>	(8,345,621)
Adjusted for:		
Income tax expenses/(credits), except for		
tax effects on non-IFRS adjustments	<b>557,709</b>	(169,679)
Share of (gains)/losses of investments accounted for		
using equity method	<b>(107,353)</b>	48,267
Finance income	<b>(166,217)</b>	(294,047)
Finance costs	<b>191,042</b>	44,732
Other (gains) except for (gains)/losses related to		
fair value change, disposal and remeasurement of		
investments and subsidiaries	<b>(2,061,842)</b>	(721,016)
Amortization of software and others	<b>528,817</b>	451,241
Depreciation on property, plant and equipment <sup>(6)</sup>	<b>3,654,793</b>	4,252,292
<b>Adjusted EBITDA</b>	<b>7,253,634</b>	(4,733,831)

<sup>(1)</sup> Represents gains or losses from fair value changes on investments, including (i) fair value changes on investments measured at fair value through profit or loss and (ii) dilution gain.

<sup>(2)</sup> Represents gains or losses from disposal of investments and subsidiaries.

<sup>(3)</sup> Certain contractual rights attached to an investment previously classified as investment accounted for using equity method have been changed, so we remeasured the investment with RMB176.9 million gains and re-designated the investment to financial assets at fair value through profit or loss in 2019.

<sup>(4)</sup> Represents impairment provision of intangible assets resulting from the change in the branding strategy for our bike-sharing services.

<sup>(5)</sup> Represents income tax effects on non-IFRS adjustments.

<sup>(6)</sup> The RMB3.7 billion depreciation on property, plant and equipment in 2019 included RMB820.9 million depreciation of right-of-use assets as a result of the adoption of IFRS16 Leases. This expense was used to be recognized as rental, facilities and utilities in prior years.

## Liquidity and Capital Resources

We had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sale of equity securities. We had cash and cash equivalents of RMB13.4 billion and short-term investments of RMB49.4 billion as of December 31, 2019, compared to the balance of RMB17.0 billion and RMB41.8 billion as of December 31, 2018.

The following table sets forth our cash flows for the years indicated:

	<b>Year Ended</b>	
	<b>December 31,</b>	December 31,
	<b>2019</b>	2018
	<i>(RMB in thousands)</i>	
Net cash generated from/(used in) operating activities	<b>5,574,220</b>	(9,179,818)
Net cash used in investing activities	<b>(10,174,018)</b>	(23,438,686)
Net cash generated from financing activities	<b>1,114,267</b>	29,295,294
<b>Net decrease in cash and cash equivalents</b>	<b>(3,485,531)</b>	(3,323,210)
Cash and cash equivalents at the beginning of the year	<b>17,043,692</b>	19,408,839
Exchange (loss)/gain on cash and cash equivalents	<b>(173,442)</b>	1,009,587
Cash and cash equivalents reclassified from the assets classified as held for sale/ (included in the assets classified as held for sale)	<b>11,466</b>	(51,524)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>13,396,185</u></b>	<b><u>17,043,692</u></b>

### ***Net Cash Generated from/(Used in) Operating Activities***

Net cash generated from/(used in) operating activities primarily consists of our profit for the year and non-cash items, such as depreciation and amortization, share based payments, and adjusted by changes in working capital.

For the year ended December 31, 2019, net cash generated from operating activities was RMB5.6 billion, which was primarily attributable to our profit before income tax of RMB2.8 billion, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB4.8 billion and share-based payments of RMB2.2 billion, partially offset by dividend income and interest classified as investing cash flows of RMB1.5 billion, and (ii) changes in working capital, which primarily comprised an increase in restricted cash of RMB4.5 billion, an increase in prepayments, deposits and other assets of RMB1.7 billion, a decrease in deposit from transacting users of RMB866.0 million, and an increase in trade receivables of RMB273.0 million, partially offset by an increase in other payables and accruals of RMB1.5 billion, an increase in trade payables of RMB1.3 billion, an increase in deferred revenues of RMB1.2 billion, and an increase in advance from transacting users of RMB640.9 million.

### ***Net Cash Used in Investing Activities***

For the year ended December 31, 2019, net cash used in investing activities was RMB10.2 billion, which was mainly attributable to purchase of short-term investments of RMB177.2 billion, purchase of property, plant and equipment of RMB3.0 billion and payments for business combinations, net of cash acquired of RMB1.4 billion, partially offset by proceeds from disposals of short-term investments of RMB170.2 billion, and interest income received of RMB1.3 billion.

### ***Net Cash Generated from Financing Activities***

For the year ended December 31, 2019, net cash generated from financing activities was RMB1.1 billion, which was mainly attributable to proceeds from borrowings of RMB4.1 billion and proceeds from the exercise of options and vested RSUs of RMB444.9 million, partially offset by repayments of borrowings of RMB2.4 billion, lease payments of RMB785.8 million and finance costs paid of RMB218.7 million.

### ***Gearing ratio***

As of December 31, 2019, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company was approximately 4.4%.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Year ended December 31,	
		2019	2018
<i>(RMB in thousands)</i>			
<b>Revenues</b>	3		
Commission	3	65,525,997	47,012,249
Online marketing services	3	15,840,078	9,391,406
Interest revenue	3	786,032	456,077
Other services and sales	3	15,376,424	8,367,546
		<u>97,528,531</u>	<u>65,227,278</u>
Cost of revenues	3 & 4	<u>(65,208,143)</u>	<u>(50,122,320)</u>
<b>Gross profit</b>		<b>32,320,388</b>	<b>15,104,958</b>
Selling and marketing expenses	4	(18,819,067)	(15,871,901)
Research and development expenses	4	(8,445,664)	(7,071,900)
General and administrative expenses	4	(4,338,954)	(5,546,037)
Net provision for impairment losses on financial assets		(645,685)	(285,655)
Fair value changes on investments measured at fair value through profit or loss		77,699	1,836,382
Other gains, net	5	<u>2,531,143</u>	<u>748,356</u>
<b>Operating profit/(loss)</b>		<b>2,679,860</b>	<b>(11,085,797)</b>
Finance income		166,217	294,047
Finance costs		(191,042)	(44,732)
Fair value changes of convertible redeemable preferred shares		–	(104,606,058)
Share of gains/(losses) of investments accounted for using equity method		<u>107,353</u>	<u>(48,267)</u>
<b>Profit/(loss) before income tax</b>		<b>2,762,388</b>	<b>(115,490,807)</b>
Income tax expenses	7	<u>(526,223)</u>	<u>(1,888)</u>
<b>Profit/(loss) for the year</b>		<b><u>2,236,165</u></b>	<b><u>(115,492,695)</u></b>
<b>Profit/(loss) for the year attributable to:</b>			
Equity holders of the Company		2,238,769	(115,477,171)
Non-controlling interests		<u>(2,604)</u>	<u>(15,524)</u>
		<b><u>2,236,165</u></b>	<b><u>(115,492,695)</u></b>
		<i>RMB</i>	<i>RMB</i>
<b>Earnings/(loss) per share for profit/(loss) for the year attributable to the equity holders of the Company</b>			
Basic earnings/(loss) per share	6	0.39	(42.40)
Diluted earnings/(loss) per share	6	<u>0.38</u>	<u>(42.40)</u>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Year ended December 31,</b>		
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<i>(RMB in thousands)</i>	
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of			
investments accounted for using the equity method		<b>3,905</b>	–
<i>Items that may not be reclassified to profit or loss</i>			
Currency translation differences		<b>678,973</b>	(7,617,689)
Preferred shares fair value change due to own credit risk		–	(186,013)
		<hr/>	<hr/>
<b>Other comprehensive income/(loss)</b>			
<b>for the year, net of tax</b>		<b>682,878</b>	(7,803,702)
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the year</b>		<b>2,919,043</b>	(123,296,397)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income/(loss)</b>			
<b>for the year attributable to:</b>			
Equity holders of the Company		<b>2,921,721</b>	(123,281,091)
Non-controlling interests		<b>(2,678)</b>	(15,306)
		<hr/>	<hr/>
		<b>2,919,043</b>	(123,296,397)
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019**

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<i>(RMB in thousands)</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>5,376,217</b>	3,978,815
Intangible assets		<b>32,699,575</b>	33,876,004
Deferred tax assets		<b>590,054</b>	445,041
Investments accounted for using the equity method		<b>2,283,590</b>	2,103,403
Financial assets at fair value through profit or loss	8	<b>7,166,122</b>	6,241,972
Prepayments, deposits and other assets		<b>1,762,312</b>	866,884
		<b>49,877,870</b>	47,512,119
<b>Current assets</b>			
Inventories		<b>275,227</b>	400,244
Trade receivables	10	<b>676,762</b>	466,340
Prepayments, deposits and other assets		<b>9,591,157</b>	9,064,945
Short-term investments		<b>49,435,599</b>	41,829,964
Restricted cash		<b>8,760,115</b>	4,256,120
Cash and cash equivalents		<b>13,396,185</b>	17,043,692
Assets classified as held for sale		<b>–</b>	88,087
		<b>82,135,045</b>	73,149,392
<b>Total assets</b>		<b><u>132,012,915</u></b>	<b><u>120,661,511</u></b>
<b>EQUITY</b>			
Share capital		<b>389</b>	384
Share premium		<b>260,359,929</b>	258,284,687
Other reserves		<b>(4,447,252)</b>	(5,741,347)
Accumulated losses		<b>(163,800,621)</b>	(166,039,390)
<b>Equity attributable to equity holders of the Company</b>		<b>92,112,445</b>	86,504,334
<b>Non-controlling interests</b>		<b>(58,051)</b>	5,438
<b>Total equity</b>		<b><u>92,054,394</u></b>	<b><u>86,509,772</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS OF DECEMBER 31, 2019**

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<i>(RMB in thousands)</i>	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>1,388,469</b>	1,195,869
Deferred revenues	11	<b>389,028</b>	624,999
Borrowings		<b>466,676</b>	470,056
Lease liabilities		<b>992,233</b>	–
Other non-current liabilities		<b>129,552</b>	35,759
		<b>3,365,958</b>	2,326,683
<b>Current liabilities</b>			
Trade payables	12	<b>6,766,253</b>	5,340,963
Payables to merchants		<b>7,495,262</b>	7,596,388
Advance from transacting users		<b>3,855,559</b>	3,226,407
Deposit from transacting users		<b>2,491,947</b>	3,341,276
Other payables and accruals		<b>7,237,412</b>	7,303,407
Borrowings		<b>3,552,587</b>	1,800,000
Deferred revenues	11	<b>4,567,171</b>	3,102,882
Lease liabilities		<b>534,566</b>	–
Income tax liabilities		<b>91,806</b>	58,223
Liabilities directly associated with assets classified as held for sale		–	55,510
		<b>36,592,563</b>	31,825,056
<b>Total liabilities</b>		<b>39,958,521</b>	34,151,739
<b>Total equity and liabilities</b>		<b>132,012,915</b>	120,661,511

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Accumulated losses	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
<b>As of January 1, 2019</b>	384	258,284,687	(5,741,347)	(166,039,390)	86,504,334	5,438	86,509,772
<b>Comprehensive income</b>							
Profit/(loss) for the year	-	-	-	2,238,769	2,238,769	(2,604)	2,236,165
<b>Other comprehensive income</b>							
Share of other comprehensive income of investments accounted for using the equity method	-	-	3,905	-	3,905	-	3,905
Currency translation differences	-	-	679,047	-	679,047	(74)	678,973
<b>Total comprehensive income</b>	-	-	682,952	2,238,769	2,921,721	(2,678)	2,919,043
<b>Transaction with owners in their capacity as owners</b>							
Share-based compensation expenses	-	-	2,181,436	-	2,181,436	-	2,181,436
Exercise of option and RSU vesting	5	2,075,242	(1,614,957)	-	460,290	-	460,290
Transaction with non-controlling interests	-	-	34,047	-	34,047	(61,197)	(27,150)
Disposal of a subsidiary	-	-	10,617	-	10,617	386	11,003
<b>Total transaction with owners in their capacity as owners</b>	5	2,075,242	611,143	-	2,686,390	(60,811)	2,625,579
<b>As of December 31, 2019</b>	<u>389</u>	<u>260,359,929</u>	<u>(4,447,252)</u>	<u>(163,800,621)</u>	<u>92,112,445</u>	<u>(58,051)</u>	<u>92,054,394</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Accumulated losses	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
<b>As of January 1, 2018</b>	98	9,338,529	466,103	(50,363,846)	(40,559,116)	57,734	(40,501,382)
Adjustment on adoption of IFRS9, net of tax	-	-	(423,731)	411,371	(12,360)	-	(12,360)
<b>As of January 1, 2018</b>	98	9,338,529	42,372	(49,952,475)	(40,571,476)	57,734	(40,513,742)
<b>Comprehensive loss</b>							
Loss for the year	-	-	-	(115,477,171)	(115,477,171)	(15,524)	(115,492,695)
<b>Other comprehensive loss</b>							
Preferred shares fair value change due to own credit risk	-	-	(186,013)	-	(186,013)	-	(186,013)
Currency translation differences	-	-	(7,617,907)	-	(7,617,907)	218	(7,617,689)
<b>Total comprehensive loss</b>	-	-	(7,803,920)	(115,477,171)	(123,281,091)	(15,306)	(123,296,397)
<b>Transaction with owners in their capacity as owners</b>							
Issue of shares	283	248,944,408	609,744	(609,744)	248,944,691	-	248,944,691
Business combination	-	-	231,736	-	231,736	-	231,736
Repurchase of ordinary shares	(2)	(811,142)	-	-	(811,144)	-	(811,144)
Share-based compensation expenses	-	-	1,816,453	-	1,816,453	-	1,816,453
Exercise of option and RSU vesting	5	842,199	(685,701)	-	156,503	-	156,503
Cancellation of ordinary shares	-	(29,307)	-	-	(29,307)	-	(29,307)
Dividends	-	-	-	-	-	(4,000)	(4,000)
Transaction with non-controlling interests	-	-	47,969	-	47,969	(32,990)	14,979
<b>Total transaction with owners in their capacity as owners</b>	286	248,946,158	2,020,201	(609,744)	250,356,901	(36,990)	250,319,911
<b>As of December 31, 2018</b>	384	258,284,687	(5,741,347)	(166,039,390)	86,504,334	5,438	86,509,772

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(RMB in thousand)</i>	
Net cash flows generated from/(used in) operating activities	<b>5,574,220</b>	(9,179,818)
Net cash flows used in investing activities	<b>(10,174,018)</b>	(23,438,686)
Net cash flows generated from financing activities	<b>1,114,267</b>	29,295,294
<b>Net decrease in cash and cash equivalents</b>	<b>(3,485,531)</b>	(3,323,210)
Cash and cash equivalents at the beginning of the year	<b>17,043,692</b>	19,408,839
Exchange (loss)/gain on cash and cash equivalents	<b>(173,442)</b>	1,009,587
Cash and cash equivalents reclassified from the assets classified as held for sale/ (included in the assets classified as held for sale)	<b>11,466</b>	(51,524)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>13,396,185</u></b>	<b><u>17,043,692</u></b>

**NOTES TO THE FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1 General information, basis of preparation and presentation**

The Company was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability. The Company's Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018 (the "Listing").

The Company provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store dining, hotel and travel booking and other services.

The financial information of our Company has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board. The financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

**2 Changes in accounting policy and disclosures**

**(a) New and amended standards adopted by the Company**

The Company has adopted the following new and amended standards which are relevant to the Company's operations and are mandatory for the financial year beginning on or after January 1, 2019:

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
IFRS 9 (Amendment)	Prepayment features with negative compensation
IAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
IAS 19 (Amendment)	Plan amendment, curtailment or settlement
IFRSs (Amendment)	Annual Improvements to IFRS Standards 2015-2017 Cycle

The adoption of the above new and amended standards did not have any significant financial impact on these consolidated financial statements except for IFRS 16.

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

**(i) Adjustments recognised on adoption of IFRS 16**

Upon adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.7%.

	<i>(RMB in thousands)</i>
Operating lease commitments disclosed as of December 31, 2018	2,111,477
Discounted using the lessee's incremental borrowing rate at the date of initial application	<u>1,846,656</u>
Lease liability recognised as of January 1, 2019	<u>1,846,656</u>
Of which are:	
Current lease liabilities	512,833
Non-current lease liabilities	1,333,823

The right-of-use assets were measured on a simplified transition approach without restating comparative amounts, and were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as of December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019:

- right-of-use assets – increase by RMB2.0 billion
- prepayments – decrease by RMB174.5 million
- lease liabilities – increase by RMB1.8 billion

The net impact on retained earnings on January 1, 2019 was nil.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

*(ii) The Company's leasing activities and how these are accounted for*

The Company leases various offices, warehouses, retail stores. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the end of 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.



Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

**(b) New and amended standards that have been issued but are not effective**

The following new and amended standards have been issued, but are not effective for the Company's financial year beginning on January 1, 2019 and have not been early adopted:

		<b>Effective for accounting year beginning on or after</b>
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	A date to be determined by the IASB
IAS 1 and IAS 8 (Amendment)	Definition of material	January 1, 2020
IFRS 3 (Amendment)	Definition of a business	January 1, 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021
IAS 1 (Amendment)	Classification of liabilities as current or non-current	January 1, 2022

The Company will apply the above new and amended standards when they become effective. The rest of the new standards, interpretations and amendments to standards are not expected to have a significant effect on the financial information of the Company.

**3 Segment information**

The segment information provided to the Company's CODM for the reportable segments for the years ended December 31, 2019 and 2018 is as follows:

	<b>Year ended December 31, 2019</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands, except for percentages)</i>			
Commission	49,646,589	11,679,344	4,200,064	65,525,997
Online marketing services	5,103,794	10,516,428	219,856	15,840,078
Other services and sales <i>(including interest revenue)</i>	92,822	79,700	15,989,934	16,162,456
Revenues in total	54,843,205	22,275,472	20,409,854	97,528,531
Cost of revenues	(44,610,017)	(2,529,117)	(18,069,009)	(65,208,143)
<b>Gross profit</b>	<b>10,233,188</b>	<b>19,746,355</b>	<b>2,340,845</b>	<b>32,320,388</b>
<b>Gross margin</b>	18.7%	88.6%	11.5%	33.1%

	<b>Year ended December 31, 2018</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands, except for percentages)</i>			
Commission	35,719,208	9,042,303	2,250,738	47,012,249
Online marketing services	2,334,999	6,734,901	321,506	9,391,406
Other services and sales <i>(including interest revenue)</i>	88,876	63,157	8,671,590	8,823,623
Revenues in total	38,143,083	15,840,361	11,243,834	65,227,278
Cost of revenues	(32,874,886)	(1,745,006)	(15,502,428)	(50,122,320)
<b>Gross profit/(loss)</b>	<b>5,268,197</b>	<b>14,095,355</b>	<b>(4,258,594)</b>	<b>15,104,958</b>
<b>Gross margin</b>	13.8%	89.0%	(37.9%)	23.2%

#### 4 Expenses by nature

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(RMB in thousands)</i>	
Food delivery rider costs	<b>41,041,513</b>	30,516,055
Employee benefits expenses	<b>17,754,642</b>	15,226,535
Transacting User incentives	<b>8,149,976</b>	5,400,781
Cost of goods sold	<b>7,492,322</b>	3,133,770
Depreciation of property, plant and equipment	<b>3,654,793</b>	4,252,292
Car-hailing driver related costs	<b>3,119,491</b>	4,463,320
Other outsourcing labor costs	<b>2,991,197</b>	2,087,398
Payment processing costs	<b>2,189,646</b>	1,524,853
Promotion and advertising	<b>2,126,910</b>	3,272,934
Amortization of intangible assets	<b>1,191,007</b>	1,114,509
Bandwidth and server custody fees	<b>726,443</b>	484,494
Online traffic costs	<b>509,581</b>	215,215
Rental, facility and utilities	<b>271,012</b>	970,058
Tax surcharge expenses	<b>247,989</b>	215,178
Professional fees	<b>218,732</b>	340,714
Impairment provision and restructuring expense for Mobike restructuring plan	<b>88,612</b>	358,790
Auditor's remuneration		
– Audit and audit-related services	<b>41,281</b>	48,770
– Non-audit services	<b>4,108</b>	3,899
Impairment provision on Mobike tradename (Note i)	–	1,346,000
Others (Note ii)	<b>4,992,573</b>	3,636,593
Total cost of revenues, selling and marketing expenses, research and development expenses and general and administrative expenses	<b>96,811,828</b>	78,612,158

- (i) Impairment loss on Mobike tradename has been recognized based on management's further business plan change.
- (ii) Others mainly comprise travelling and entertainment expenses, bike maintenance and relocation fees, transportation fees and message and verification fees.

## 5 Other gains, net

	Year ended December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
Interest income from investments measured at amortized cost	876,467	226,114
Fair value changes of short-term investments measured at fair value through profit or loss	637,410	306,954
Subsidies and tax preference	589,912	198,762
Gains from remeasurement of investments	176,880	–
Gains from the disposal of investments	160,884	29,426
Dilution gain/(loss)	91,360	(6,294)
Foreign exchange loss, net	(81,872)	(1,485)
Gains from the disposal of subsidiaries	40,177	–
Change in fair value from contingent consideration	–	4,208
Others	39,925	(9,329)
	<b>2,531,143</b>	<b>748,356</b>

## 6 Earnings/(loss) per share

- (a) Basic earnings/(loss) per share for the years ended December 31, 2019 and 2018 were calculated by dividing the earnings/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2019	2018
Earnings/(loss) attributable to equity holders of the Company (RMB' 000)	2,238,769	(115,477,171)
Weighted average number of ordinary shares in issue (thousand)	5,767,906	2,723,795
Basic earnings/(loss) per share (RMB)	<b>0.39</b>	<b>(42.40)</b>

- (b) Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: preferred shares for 2018, share options and RSUs. As the Company incurred losses for the years ended December 31, 2018, the dilutive potential ordinary shares, which composed of preferred shares, share options and RSUs, were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the years ended December 31, 2018 was the same as basic loss per share.

	Year ended December 31,	
	2019	2018
Earnings/(loss) attributable to equity holders of the Company (RMB' 000)	2,238,769	(115,477,171)
Weighted average number of ordinary shares in issue (thousand)	5,767,906	2,723,795
Adjustments for RSUs and share options granted to employees (thousand)	155,004	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share (thousand)	5,922,910	2,723,795
Diluted earnings/(loss) per share (RMB)	<b>0.38</b>	<b>(42.40)</b>

## 7 Income tax expenses

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, the British Virgin Islands, Hong Kong and China.

### *Cayman Islands*

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law and are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

### *British Virgin Islands*

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

### *Hong Kong*

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax for the years ended December 31, 2019 and 2018.

### *China*

Under the EIT Law effective from January 1, 2008, our PRC subsidiaries, and controlled affiliated entities and their subsidiaries are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy.

Certain PRC subsidiaries of the Company that qualify as “high and new technology enterprises” under the EIT Law, and accordingly, are entitled to a preferential enterprise income tax rate of 15% for three years. In addition, certain PRC subsidiaries of the Company that qualify as “small and thin-profit enterprises” under the EIT Law, and accordingly, are entitled to a preferential enterprise income tax rate of 20%. As a result, such PRC subsidiaries were eligible for a preferential enterprise income tax rate for their respective tax holiday.

Our remaining PRC entities were subject to enterprise income tax at a rate of 25% in 2019. Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from China effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied. For the years ended December 31, 2019 and 2018, we incurred accumulated net operating losses and did not have any profit distribution plan.

The following table sets forth our income tax expenses for the year indicated:

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(RMB in thousands)</i>	
Current income tax expenses	<b>(482,154)</b>	(251,390)
Deferred income tax (expenses)/credits	<b>(44,069)</b>	249,502
	<b><u>(526,223)</u></b>	<b><u>(1,888)</u></b>

## 8 Financial assets at fair value through profit or loss

We made investments in certain convertible redeemable preferred shares or ordinary shares with preferential rights issued by the investee companies. We maintained significant influence in these companies. We also have interests in certain investee companies in the form of ordinary shares without significant influence, which are managed and their performance are evaluated on a fair value basis. We designated the whole instruments as financial assets at fair value through profit or loss.

## 9 Property, plant and equipment

Our property, plant and equipment primarily consist of right-of-use assets, bikes and vehicles, computer equipment, furniture and appliances, leasehold improvements and assets under construction. Our property, plant and equipment increased by 35.1% from RMB4.0 billion as of December 31, 2018 to RMB5.4 billion as of December 31, 2019, primarily due to the increase in the carrying value of right-of-use assets in connection with our applying IFRS 16.

## 10 Trade receivables

Trade receivables represent amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within one year and therefore are all classified as current. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
Trade receivables	832,616	590,409
Less: allowance for impairment	(155,854)	(124,069)
	<u>676,762</u>	<u>466,340</u>

We have applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

We allow a credit period of 30 to 150 days to our customers. Aging analysis of trade receivables (net off allowance for impairment of trade receivables) based on invoice date is as follows:

	As of December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
Trade receivables		
Up to 3 months	544,784	281,353
3 to 6 months	87,114	126,376
6 months to 1 year	34,574	56,574
Over 1 year	10,290	2,037
	<u>676,762</u>	<u>466,340</u>

## 11 Deferred revenues

The following table sets forth our deferred revenues as of the dates indicated:

	As of December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
<b>Non-current</b>		
Business cooperation agreement with Maoyan	388,967	611,233
Others	61	13,766
	<u>389,028</u>	<u>624,999</u>
<b>Current</b>		
Online marketing services	4,299,191	2,856,343
Business cooperation agreement with Maoyan	222,267	222,267
Mobike monthly pass	44,010	24,221
Others	1,703	51
	<u>4,567,171</u>	<u>3,102,882</u>
	<u><b>4,956,199</b></u>	<u><b>3,727,881</b></u>

## 12 Trade payables

Trade payables represent liabilities for goods and services provided to us prior to the end of financial year which are unpaid. Trade payables are recognised initially at their fair value and are subsequently measured at amortized cost using the effective interest method. The following table sets forth our trade payables as of the dates indicated:

	As of December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
Trade payables	6,766,253	5,340,963

As of December 31, 2019 and 2018, the aging analysis of the trade payables based on invoice date was as follows:

	As of December 31,	
	2019	2018
	<i>(RMB in thousands)</i>	
Trade payables		
Up to 3 months	6,353,368	5,067,050
3 to 6 months	237,151	168,162
6 months to 1 year	119,630	102,764
Over 1 year	56,104	2,987
	<u>6,766,253</u>	<u>5,340,963</u>

## 13 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2019 and 2018.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended December 31, 2019.

### **PRE-IPO EMPLOYEE STOCK INCENTIVE SCHEME**

Pursuant to the respective grant letters between the Company and the grantees under the pre-IPO employee stock incentive scheme adopted by the Company dated October 6, 2015 (the "**Pre-IPO ESOP**"), shares underlying the awards granted under the Pre-IPO ESOP, whether in the form of options or restricted share units, shall only be issued upon the Listing and the expiry of the lock-up period in connection with the Company's initial public offering. No shares were issued under the Pre-IPO ESOP prior to the date of listing of the Company.

### **CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The Company will hold its annual general meeting (the "**AGM**") on May 20, 2020. The register of members of the Company will be closed from May 15, 2020 to May 20, 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 14, 2020.

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2019. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters.

### **Auditor's Procedures Performed on this Results Announcement**

The figures in respect of the announcement of the Company's results for the year ended December 31, 2019 have been agreed by the Auditor to the amounts as set out in the Company's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

## **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Save for code provision A.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable throughout the year ended December 31, 2019. Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

## **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code year ended December 31, 2019.

## **Publication of the Annual Results and Annual Report**

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([about.meituan.com](http://about.meituan.com)) in due course.



## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our delivery riders for their reliable and efficient services, our entire staff and management team for their outstanding contributions, and our shareholders for their continuous support.

By Order of the Board  
**Meituan Dianping**  
**Wang Xing**  
Chairman

Hong Kong, March 30, 2020

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Xing as chairman and executive Director, Mr. Mu Rongjun and Mr. Wang Huiwen as executive Directors, Mr. Lau Chi Ping Martin and Mr. Neil Nanpeng Shen as non-executive Directors, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Mr. Shum Heung Yeung Harry as independent non-executive Directors.*

*The Company's shareholders and potential investors should note that the information in this announcement is based on the management accounts of the Company which have not been audited or reviewed by the Company's Auditor. This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.*

## DEFINITIONS

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

<b>Term</b>	<b>Definition</b>
“Articles” or “Articles of Association”	the articles of association of the Company adopted on August 30, 2018 with effect from Listing, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board”	the Board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Class A Shares”	Class A shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	Class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan Dianping (美团点評) (formerly known as Internet Plus Holdings Ltd.), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan Dianping (美团点評) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“CODM”	the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange

“Listing Date”	September 20, 2018, on which the Class B Shares are listed and on which dealings in the Class B Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Mobike”	mobike Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 2, 2015 and our direct wholly-owned subsidiary and its subsidiaries and Consolidated Affiliated Entities
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being (i) any amendment to the Memorandum and Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent

## GLOSSARY

“Active Merchant”	a merchant that meets any of the following conditions in a given period: (i) completed at least one transaction on our platform, (ii) purchased any online marketing services from us, (iii) processed offline payment at least once through our integrated payment systems, or (iv) generated any order through our ERP systems
“Gross Transaction Volume” or “GTV”	the value of paid transactions of products and services on our platform by consumers, regardless of whether the consumers are subsequently refunded. This includes delivery charges and VAT, but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments
“Monetization Rate”	the revenues for the year/period divided by the Gross Transaction Volume for the year/period
“Transacting User”	a user account that paid for transactions of products and services on our platform in a given period, regardless of whether the account is subsequently refunded
“transaction”	the number of transactions is generally recognized based on the number of payments made. (i) With respect to our in-store business, one transaction is recognized if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognized if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognized if a user purchases multiple tickets with a single payment; (iv) with respect to our bike-sharing business, if a user uses monthly pass, then one transaction is recognized only when the user purchases or claims the monthly pass, and subsequent rides are not recognized as transactions; if a user does not use monthly pass, then one transaction is recognized for every ride