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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 THREE MONTHS ENDED MARCH 31, 2020

The Board of Directors (the “**Board**”) of Meituan Dianping 美团点评 (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company for the three months ended March 31, 2020. These interim results have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

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

KEY HIGHLIGHTS

Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	16,753,887	100.0%	19,173,512	100.0%	(12.6%)
Operating loss	(1,715,530)	(10.2%)	(1,303,642)	(6.8%)	31.6%
Loss for the period	(1,579,278)	(9.4%)	(1,433,330)	(7.5%)	10.2%
Non-IFRS Measures:					
Adjusted EBITDA	41,311	0.2%	458,874	2.4%	(91.0%)
Adjusted net loss	(216,348)	(1.3%)	(1,049,129)	(5.5%)	(79.4%)

Financial Information by Segment

	Unaudited		Year-over- year change
	Three Months Ended		
	March 31, 2020	March 31, 2019	
	<i>(RMB in thousands, except for percentages)</i>		
Revenues:			
Food delivery	9,490,423	10,705,803	(11.4%)
In-store, hotel & travel	3,094,978	4,492,102	(31.1%)
New initiatives and others	4,168,486	3,975,607	4.9%
Total revenues	<u>16,753,887</u>	<u>19,173,512</u>	(12.6%)
Operating profit/(loss):			
Food delivery	(70,881)	(154,203)	(54.0%)
In-store, hotel & travel	680,179	1,592,878	(57.3%)
New initiatives and others	(1,363,717)	(2,583,124)	(47.2%)
Unallocated items ¹	(961,111)	(159,193)	NA
Total operating loss	<u>(1,715,530)</u>	<u>(1,303,642)</u>	31.6%

Operating Metrics

	Twelve Months Ended		Year-over- year change
	March 31, 2020	March 31, 2019	
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	448.6	411.8	8.9%
Number of Active Merchants	6.1	5.8	5.0%

(units, except for percentages)

Average number of transactions per annual Transacting User	26.2	24.8	5.3%
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	Three Months Ended		Year-over- year change
	March 31, 2020	March 31, 2019	
	<i>(in millions, except for percentages)</i>		
Gross Transaction Volume of food delivery	71,504.2	75,575.2	(5.4%)
Number of food delivery transactions	1,374.5	1,662.6	(17.3%)
Number of domestic hotel room nights	42.8	78.6	(45.5%)

¹ Unallocated items include (i) share-based compensation, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes on investments measured at fair value through profit or loss, (iv) other gains/(losses), net, and (v) impairment provision and restructuring expense for Mobike restructuring plan.

BUSINESS REVIEW AND OUTLOOK

Company Financial Highlights

Since late January 2020, the COVID-19 pandemic has already caused severe disruptions to the daily operations of our merchants, including restaurants, hotels and other local services merchants, which in return has exerted downward pressure on our own operations for the first quarter of 2020. Business segments, such as food delivery and in-store, hotel and travel, have all faced significant challenges on both the demand side and supply side.

As a result of the pandemic, our total revenues decreased by 12.6% year-over-year to RMB16.8 billion from RMB19.2 billion in the same period of 2019. Our operating loss for the first quarter of 2020 expanded on a year-over-year basis from RMB1.3 billion to RMB1.7 billion, while operating margin decreased from negative 6.8% to negative 10.2%. Adjusted EBITDA and adjusted net loss were positive RMB41.3 million and negative RMB216.3 million, respectively. Our operating cash flow turned to negative RMB5.0 billion for the first quarter of 2020 from positive RMB3.1 billion for the fourth quarter of 2019. We had cash and cash equivalents of RMB14.1 billion and short-term investments of RMB42.4 billion as of March 31, 2020, compared to the balances of RMB13.4 billion and RMB49.4 billion, respectively, as of December 31, 2019.

Moving on to the remaining of 2020, we expect that factors including the ongoing pandemic precautions, consumers' insufficient confidence in offline consumption activities and the risk of merchants' closure would continue to have a potential impact on our business performance.

Company Business Highlights

Food delivery

For the first quarter of 2020, GTV of our food delivery business decreased by 5.4% year-over-year to RMB71.5 billion. The daily average number of food delivery transactions decreased by 18.2% year-over-year to 15.1 million. The average value per order of our food delivery business increased by 14.4% year-over-year. Monetization Rate² of our food delivery business decreased to 13.3% from 14.2% in the same period of 2019. As a result, revenue decreased by 11.4% year-over-year to RMB9.5 billion for the first quarter of 2020. Our food delivery business experienced operating loss of RMB70.9 million for the first quarter of 2020, compared to operating profit of RMB482.8 million for the fourth quarter of 2019, while operating margin turned to negative 0.7% from positive 3.1%. However, our operating loss from the food delivery business narrowed on a year-over-year basis while operating margin improved by 0.7 percentage points year-over-year.

² Monetization rate equals the revenues for the year/period divided by the Gross Transaction Volume for the year/period.

Affected by the COVID-19 pandemic, our food delivery business was facing significant challenges on both the supply side and demand side for the first quarter of 2020. Especially, from January 20, 2020 until February 20, 2020, local governments issued strict control measures, which led to a shortage of service supplies and a dramatic drop of order volume for our food delivery business. Shortly after February 20, 2020, when orderly resumption of work took place across the country, an increasing number of restaurants started to resume their operations while demand from consumers also gradually recovered. However, as some of consumer demand continued to be negatively impacted by hygiene concerns and quarantine measures, the ongoing closure of universities, and work-from-home policies that applied to many of our high frequency consumers, the order volume still had not fully recovered to its normal levels by the end of March 2020. As a result, the order volume of our food delivery business experienced negative year-over-year growth, with the daily average number of food delivery transactions decreasing by 18.2% year-over-year to 15.1 million.

In spite of the short-term negative impacts, we strongly believe that the COVID-19 pandemic will play a positive role in the industry's long-term development. On the consumer side, the pandemic has further accelerated the cultivation of consumption behavior, helping to further educate some of our targeted potential consumers in a positive way. Our platform's diversified supply and consistently good experience sufficiently meet the demand of most people. Notably, we have seen increasing consumer preference for high ticket size categories during the pandemic due to the increasing adoption of food delivery for formal meals, further diversification of high-quality supplies on our platform and growing preference for branded restaurants. These positive factors in combination have driven the strong growth of the average value per order for the first quarter of 2020, increasing by 14.4% year-over-year.

On the merchant side, the overall catering industry was severely disrupted in the first quarter of 2020. During this period, we worked closely with restaurant merchants, promptly updated our products and operations to assist with their digitization process, and helped them mitigate the negative impact and recover. In addition, we offered a series of rebates, subsidies, free traffic support and more to merchants, in order to relieve some of their operational burden. We also further explored the optimization potential for the meal preparation and packaging process. At the same time, our continuous marketplace product innovation enabled existing merchants to have more marketing capability and improved operational efficiency. More notably, the pandemic has further accelerated the digitization process, especially for many branded restaurants with high quality supply, which have traditionally focused on in-store dining instead of delivery services. In the first quarter of 2020, a large number of premium restaurants, highly-rated restaurants, chain restaurants, Black Pearl restaurants and five-star hotel restaurants, which did not have or had very limited food delivery services, initiated food delivery operations as their primary vehicle for business operations due to the pandemic. Participation by these restaurants increased high-quality supply on our platform in the long term, while we reinforced our importance to small- and medium-sized independent restaurants as food delivery almost became their sole source of income during the pandemic.

On the delivery front, although delivery capacity was not the bottleneck for our food delivery business during the pandemic, delivery cost per order increased both on a quarter-over-quarter basis and a year-over-year basis as a result of the increased incentives paid to delivery riders working during Chinese New Year and pandemic situations, additional costs associated with anti-epidemic measures, and the decline in order density. However, the pandemic has accelerated the adoption of new delivery models and stimulated technological innovation. As a leader and promoter of on-demand delivery, we pioneered the launch of contactless delivery services, which received widespread acceptance and recognition from consumers, merchants and local governments. In addition to helping to mitigate the hygiene risks for both consumers and delivery riders, the contactless delivery model improves delivery efficiency and creates more opportunities for the exploration of diversified delivery models and new technology for autonomous delivery.

In-store, hotel & travel

Revenues from our in-store, hotel & travel businesses decreased by 31.1% year-over-year to RMB3.1 billion in the first quarter of 2020. Operating profit of our in-store, hotel & travel businesses decreased by 57.3% year-over-year and by 70.8% quarter-over-quarter to RMB680.2 million in the first quarter of 2020, while operating margin decreased by 13.5 percentage points year-over-year and by 14.7 percentage points quarter-over-quarter to 22.0%.

During the pandemic, our in-store business was more severely challenged in comparison to the food delivery segment, and its recovery was noticeably lagging behind that of the food delivery segment. As the majority of the in-store service categories are classified as discretionary or entertainment-related services, which usually involve close contact with others and/or large crowds, both supply and demand remained low in the first quarter of 2020 due to consumers' hygiene concerns and local governments' restrictions. As a result, commission revenue declined significantly by 50.6% year-over-year and by 62.6% quarter-over-quarter, respectively. Moreover, in-store merchants' marketing demand was significantly impacted by the pandemic, creating headwinds for cost-per-click online marketing product sales in particular, which contributed the majority of the in-store online marketing services revenue last quarter. In comparison, subscription-based online marketing services revenue was much less affected and accounted for the majority of the total segment online marketing services revenue in the first quarter of 2020. As a result, online marketing services revenue declined by 8.2% year-over-year and by 39.8% quarter-over-quarter, respectively. In order to help merchants recover, we launched various supportive measures to directly help small- and medium-sized merchants solve short-term liquidity problems and restore their operations. These measures included commission exemption, extension on subscription-based service period, and access to business loans with favorable interest rates. To stimulate consumption, we utilized our online capabilities to establish safety programs, such as Safe QR Code, Safe-Dining and Safe-Play to guide merchants in streamlining, standardizing, and digitizing their safety measures. We led the establishment of industry safety and sanitation standards to help restaurants develop their own measures. As the leading platform in local services, we began to work with local governments in March 2020 to launch the Safe-Consumption Festival and issued vouchers to consumers to use in local services, especially in restaurant dining, which sustained the most impact during the pandemic. We believe that consumer vouchers could not only stimulate one-off consumptions, but also have strong leverage effects that stimulate the recovery of the overall consumption demand in relevant regions and industries. As a platform that connects 448.6 million annual transacting users and 6.1 million local merchants, we can effectively direct consumers to merchants and service categories, so our platform is capable of distributing traffic, allocating subsidies, and stimulating consumption with accuracy and effectiveness.

Our hotel business also experienced enormous impact from the pandemic, with the number of domestic room nights consumed on our platform in the first quarter of 2020 decreasing by 45.5% year-over-year and by 61.0% quarter-over-quarter to 42.8 million. As a result of government-issued travel bans, self-quarantine policies for travelers, and a general fear of virus infection, many consumers canceled their travel plans. While local accommodation and business travel activities, especially in lower-tier cities, have started to gradually rebound at a faster pace along with the general recovery process, consumers were still taking conservative measures and postponing travel-related activities and expenditures even after the peak of the pandemic. To further support industry recovery, we leveraged our platform capabilities and launched the Safe-Stay Program. Under the Safe-Stay Program, we established precautionary measures and increased service capabilities for our partner hotels, such as the adoption of strict health precautions for all employees and consumers, close tracking of consumer information, free booking cancellations, and discounts for additional nights. This program has achieved noteworthy progress, successfully engaging numerous hotels in hundreds of cities nationwide.

New initiatives and others

Revenues from the new initiatives and others segment increased by 4.9% year-over-year to RMB4.2 billion in the first quarter of 2020. On a sequential basis, operating loss from the new initiatives and others segment expanded by 3.4% to RMB1.4 billion for the first quarter of 2020 from RMB1.3 billion for the fourth quarter of 2019. Operating margin decreased to negative 32.7% for the first quarter of 2020 from negative 21.7% for the fourth quarter of 2019. Operating loss from the new initiatives and others segment narrowed on a year-over-year basis, while operating margin improved by 32.3 percentage points.

The pandemic caused severe disruptions to most of our new initiatives, including bike-sharing services, car-hailing services, and B2B food distribution services. However, we are proud that many of our new initiatives were essential to fulfill people's daily needs during the pandemic. Particularly, our grocery retail business continued to provide stable supply and efficient delivery of high-quality fresh produce and other daily necessities to our consumers. The pandemic has served as an opportunity for consumers to realize the value and convenience of purchasing many other items besides meals using our on-demand delivery service, which has helped to better cultivate consumer habits with relatively low marketing cost. Moreover, during the first quarter of 2020, under the marketplace model, we launched a separate brand, known as Caidaquan (菜大全), to enable traditional farm markets to digitize their operations and provide high-quality fresh produce to consumers with more efficiency. During the first quarter of 2020, our bike-sharing services temporarily suspended fee collection from consumers in Hubei Province using our bikes and donated more than two million monthly riding passes to medical professionals. To assist local governments with tracking the extent of virus transmission, our car-hailing services helped local public transportation authorities to roll out the first real-name public transport system in China. Our B2B food distribution service also helped many restaurants ensure the adequate supply of raw materials for operations during the pandemic. We also opened green channels for medical institutions in 34 cities to ensure adequate supply of food during the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Change in Segment Reporting

Since the beginning of 2020, our senior management team reviewed operating profit or loss instead of gross profit or loss for each segment for the purpose of performance measurement and resource allocation, as it's a better indicator for operating results. Therefore, we changed our segment disclosure accordingly. We would report the operating profit or loss for each segment from the first quarter of 2020 onwards, and had restated comparative figures to conform to the new presentation.

First Quarter of 2020 Compared to First Quarter of 2019

The following table sets forth the comparative figures for the first quarter of 2020 and 2019:

	Unaudited Three Months Ended	
	March 31, 2020	March 31, 2019
	<i>(RMB in thousands)</i>	
Revenues		
Commission	10,800,101	13,164,718
Online marketing services	2,864,409	2,860,801
Interest revenue	212,145	158,590
Other services and sales	2,877,232	2,989,403
	16,753,887	19,173,512
Cost of revenues	(11,557,421)	(14,104,172)
Gross profit	5,196,466	5,069,340
Selling and marketing expenses	(3,199,439)	(3,706,112)
Research and development expenses	(2,296,458)	(2,036,100)
General and administrative expenses	(1,069,741)	(1,012,213)
Net provision for impairment losses on financial assets	(237,542)	(62,980)
Fair value changes on investments measured at fair value through profit or loss	(508,261)	165,292
Other gains, net	399,445	279,131
Operating loss	(1,715,530)	(1,303,642)
Finance income	57,930	52,922
Finance costs	(48,044)	(46,821)
Share of gains of investments accounted for using equity method	11,128	7,530
Loss before income tax	(1,694,516)	(1,290,011)
Income tax credits/(expenses)	115,238	(143,319)
Loss for the period	(1,579,278)	(1,433,330)
Non-IFRS measures:		
Adjusted EBITDA	41,311	458,874
Adjusted net loss	(216,348)	(1,049,129)

Revenues

Our revenues decreased by 12.6% to RMB16.8 billion for the first quarter of 2020 from RMB19.2 billion in the same period of 2019, primarily due to the decrease in Gross Transaction Volume on our platform, which was mainly driven by the decrease in the number of transactions across all major segments during the pandemic.

The following table sets forth our revenues by segment and type in absolute amount for the first quarter of 2020 and 2019:

	Unaudited			
	Three Months Ended March 31, 2020			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
Revenues				
Commission	8,563,624	1,196,998	1,039,479	10,800,101
Online marketing services	919,519	1,886,831	58,059	2,864,409
Other services and sales (including interest revenue)	7,280	11,149	3,070,948	3,089,377
Total	9,490,423	3,094,978	4,168,486	16,753,887
	Unaudited			
	Three Months Ended March 31, 2019			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
Revenues				
Commission	9,920,541	2,425,220	818,957	13,164,718
Online marketing services	760,726	2,056,405	43,670	2,860,801
Other services and sales (including interest revenue)	24,536	10,477	3,112,980	3,147,993
Total	10,705,803	4,492,102	3,975,607	19,173,512

Our revenues from the food delivery segment decreased by 11.4% to RMB9.5 billion for the first quarter of 2020 from RMB10.7 billion for the same period of 2019. Commission revenues decreased by 13.7% to RMB8.6 billion, primarily due to (i) the decrease in order volume by 17.3% year-over-year, mainly driven by the decline in the purchase frequency of transacting users during the pandemic, and (ii) temporary commission rebate and exemption policies as well as the change of order mix, both of which led to the decrease in Monetization Rate, partially offset by the increase of average order value by 14.4% on a year-over-year basis. Online marketing service revenues increased by 20.9% year-over-year to RMB919.5 million, primarily due to the increase in the number of Active Merchants, partially offset by reduced advertisement spending per merchant during the pandemic.

Our revenues from the in-store, hotel & travel segment decreased by 31.1% to RMB3.1 billion for the first quarter of 2020 from RMB4.5 billion for the same period of 2019, as a result of (i) the decline of commission revenues as consumers limited their out-door dining, travel and other consumption activities during the pandemic, and (ii) the decrease in online marketing revenues due to the decrease in the average revenue per online marketing Active Merchant.

Our revenues from the new initiatives and others segment increased by 4.9% to RMB4.2 billion for the first quarter of 2020 from RMB4.0 billion for the same period of 2019, mainly due to the increase in revenues from Meituan Instashopping and micro loan business, partially offset by the decrease in revenues from car-hailing services and B2B food distribution services, all of which were affected by the pandemic.

Costs and Expenses

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	Unaudited Three Months Ended				Year-over- year change
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
<i>(RMB in thousands, except for percentages)</i>					
Costs and Expenses:					
Cost of revenues	11,557,421	69.0%	14,104,172	73.6%	(18.1%)
Selling and marketing expenses	3,199,439	19.1%	3,706,112	19.3%	(13.7%)
Research and development expenses	2,296,458	13.7%	2,036,100	10.6%	12.8%
General and administrative expenses	1,069,741	6.4%	1,012,213	5.3%	5.7%
Net provision for impairment losses on financial assets	237,542	1.4%	62,980	0.3%	277.2%

Cost of Revenues

Our cost of revenues decreased by 18.1% to RMB11.6 billion for the first quarter of 2020 from RMB14.1 billion in the same period of 2019 and decreased to 69.0% from 73.6% as a percentage of total revenues. The decrease in amount was primarily due to (i) a RMB1.5 billion decrease in food delivery rider costs and a RMB0.5 billion decrease in car-hailing driver-related costs as a result of the decrease in business volume during the pandemic, and (ii) a decrease of RMB1.0 billion in our bike-sharing services-related costs mainly due to the significant decrease in depreciation of bikes. The decrease as a percentage of revenues was primarily due to (i) improved gross margin of the food delivery segment, driven by the 14.4% increase in average order value on a year-over-year basis, (ii) decrease in the depreciation of bikes, and (iii) revenue mix change of our new initiatives.

Selling and Marketing Expenses

Our selling and marketing expenses decreased to RMB3.2 billion for the first quarter of 2020 from RMB3.7 billion in the same period of 2019, and decreased to 19.1% from 19.3% as a percentage of total revenues. The decrease in amount was primarily attributable to (i) a RMB359.6 million decrease in Transacting User incentives, mainly resulting from the reduction of subsidies in our food delivery and hotel booking businesses, which was driven by the decrease in the number of transactions during the pandemic, and (ii) a RMB69.2 million decrease in depreciation expenses, mainly due to some one-off expenses incurred in connection with the change in our grocery retail business strategy in the first quarter of 2019.

Research and Development Expenses

Our research and development expenses increased to RMB2.3 billion for the first quarter of 2020 from RMB2.0 billion in the same period of 2019 and increased to 13.7% from 10.6% as a percentage of revenues. The increase was primarily attributable to employee benefits expenses.

General and Administrative Expenses

Our general and administrative expenses increased to RMB1.1 billion for the first quarter of 2020 from RMB1.0 billion in the same period of 2019 and increased to 6.4% from 5.3% as a percentage of revenues. The increase was primarily attributable to employee benefits expenses.

Net Provision for Impairment Losses on Financial Assets

Our net provision for impairment losses on financial assets was RMB237.5 million for the first quarter of 2020, compared to RMB63.0 million for the first quarter of 2019, and increased by 1.1 percentage points to 1.4% 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 change on investments measured at fair value through profit or loss was negative RMB508.3 million for the first quarter of 2020, compared to positive RMB165.3 million for the first quarter of 2019. This was primarily due to the fair value loss of RMB508.7 million in connection with an equity investment during the first quarter of 2020.

Other Gains, Net

Our other gains, net for the first quarter of 2020 increased by RMB120.3 million to RMB399.4 million compared to the same period of 2019, primarily attributable to increased tax return and decreased foreign exchange loss, partially offset by a donation to establish a special support fund during the pandemic.

Operating Loss

As a result of the foregoing, our operating loss for the first quarter of 2020 was RMB1.7 billion, compared to an operating loss of RMB1.3 billion in the same period of 2019.

Operating loss by segment and operating margin by segment are set forth in the table below.

Unaudited Three Months Ended					
March 31, 2020			March 31, 2019		Year-over- year change
Amount	As a percentage of revenues	Amount	As a percentage of revenues		
<i>(RMB in thousands, except for percentages)</i>					
Food delivery	(70,881)	(0.7%)	(154,203)	(1.4%)	(54.0%)
In-store, hotel & travel	680,179	22.0%	1,592,878	35.5%	(57.3%)
New initiatives and others	(1,363,717)	(32.7%)	(2,583,124)	(65.0%)	(47.2%)
Unallocated items	(961,111)	NA	(159,193)	NA	NA
Total operating loss	(1,715,530)	(10.2%)	(1,303,642)	(6.8%)	31.6%

Our operating loss from the food delivery segment narrowed to RMB70.9 million for the first quarter of 2020 from RMB154.2 million for the same period of 2019. Our operating margin for this segment narrowed to negative 0.7% from negative 1.4% on a year-over-year basis mainly due to (i) higher average order value, partially offset by the increase in spending on anti-epidemic measures, (ii) the change in revenue mix as online marketing revenue contributed a higher percentage of revenues, and (iii) improved marketing efficiency.

Our operating profit from the in-store, hotel & travel segment decreased by 57.3% to RMB680.2 million for the first quarter of 2020 from RMB1.6 billion for the same period of 2019 as a result of the decline in both commission and online marketing revenues during the pandemic, partially offset by reduced Transacting User incentives and promotion and advertising expenses. Our operating margin for this segment decreased by 13.5 percentage points to 22.0% on a year-over-year basis, mainly due to the decrease in operating leverage.

Our operating loss from the new initiatives and others segment narrowed to RMB1.4 billion for the first quarter of 2020 from RMB2.6 billion for the same period of 2019, primarily attributable to (i) the decrease in our bike-sharing service-related costs as a result of the significant decrease in the depreciation of bikes, and (ii) the decrease in car-hailing driver-related costs and cost of goods sold from our B2B food distribution services due to lower business volume, partially offset by the increase in delivery rider costs in connection with the growth of Meituan Instashopping. Our operating margin for this segment narrowed to negative 32.7% from negative 65.0% on a year-over-year basis, primarily attributable to the decrease in depreciation and segment revenue mix change.

Loss before Income Tax

Primarily as a result of the foregoing, our loss before income tax for the first quarter of 2020 was RMB1.7 billion, compared to a loss of RMB1.3 billion in the same period of 2019.

Income Tax Credits/(Expenses)

We had income tax credits of RMB115.2 million for the first quarter of 2020, compared to income tax expenses of RMB143.3 million in the same period of 2019, primarily due to the losses incurred by some entities in this quarter.

Loss for the Period

As a result of the foregoing, we had a loss of RMB1.6 billion for the first quarter of 2020, compared to a loss of RMB1.4 billion for the same period of 2019.

First quarter of 2020 Compared to Fourth Quarter of 2019

The following table sets forth the comparative figures for the first quarter of 2020 and fourth quarter of 2019:

	Unaudited	
	Three Months Ended	
	March 31,	December 31,
	2020	2019
	<i>(RMB in thousands)</i>	
Revenues		
Commission	10,800,101	18,357,737
Online marketing services	2,864,409	4,937,769
Interest revenue	212,145	197,759
Other services and sales	2,877,232	4,664,988
	16,753,887	28,158,253
Cost of revenues	(11,557,421)	(18,440,124)
Gross profit	5,196,466	9,718,129
Selling and marketing expenses	(3,199,439)	(5,349,095)
Research and development expenses	(2,296,458)	(2,239,885)
General and administrative expenses	(1,069,741)	(1,232,474)
Net provision for impairment losses on financial assets	(237,542)	(332,004)
Fair value changes on investments measured at fair value through profit or loss	(508,261)	72,443
Other gains, net	399,445	786,746
Operating (loss)/profit	(1,715,530)	1,423,860
Finance income	57,930	53,519
Finance costs	(48,044)	(45,095)
Share of gains of investments accounted for using equity method	11,128	57,646
(Loss)/profit before income tax	(1,694,516)	1,489,930
Income tax credits/(expenses)	115,238	(29,645)
(Loss)/profit for the period	(1,579,278)	1,460,285
Non-IFRS measures:		
Adjusted EBITDA	41,311	2,178,650
Adjusted net (loss)/profit	(216,348)	2,270,219

Revenues

Our revenues decreased by 40.5% to RMB16.8 billion for the first quarter of 2020 from RMB28.2 billion for the fourth quarter of 2019. All major revenue streams experienced decreases due to the fall in the number of transactions across all segments and merchants' reduced advertisement spending during the pandemic and the holiday season.

The following table sets forth our revenues by segment and type in absolute amount for the first quarter of 2020 and the fourth quarter of 2019:

Unaudited				
Three Months Ended March 31, 2020				
Food delivery	In-store, hotel & travel	New initiatives and others	Total	
<i>(RMB in thousands)</i>				
Revenues				
Commission	8,563,624	1,196,998	1,039,479	10,800,101
Online marketing services	919,519	1,886,831	58,059	2,864,409
Other services and sales (including interest revenue)	7,280	11,149	3,070,948	3,089,377
Total	9,490,423	3,094,978	4,168,486	16,753,887

Unaudited				
Three Months Ended December 31, 2019				
Food delivery	In-store, hotel & travel	New initiatives and others	Total	
<i>(RMB in thousands)</i>				
Revenues				
Commission	13,963,448	3,203,847	1,190,442	18,357,737
Online marketing services	1,732,259	3,131,896	73,614	4,937,769
Other services and sales (including interest revenue)	20,003	21,202	4,821,542	4,862,747
Total	15,715,710	6,356,945	6,085,598	28,158,253

Our revenues from the food delivery segment decreased by 39.6% to RMB9.5 billion for the first quarter of 2020 from RMB15.7 billion for the fourth quarter of 2019. Commission revenues decreased by 38.7% to RMB8.6 billion, primarily due to (i) the decrease in order volume by 45.1%, mainly driven by the decline in the purchase frequency of transacting users during the pandemic, and (ii) temporary commission rebate and exemption policies, leading to the decrease in Monetization Rate, partially offset by the increase in average order value by 16.2%. Online marketing service revenues decreased by 46.9% to RMB919.5 million, primarily due to the decrease in the number of Active Merchants and the average revenue per Active Merchant as the result of merchants' reduced advertisement spending during the pandemic and the holiday season.

Our revenues from the in-store, hotel & travel segment decreased by 51.3% to RMB3.1 billion for the first quarter of 2020 from RMB6.4 billion for the fourth quarter of 2019, as a result of (i) the decline in commission revenues as consumers limited their out-door dining, travel and other local consumption activities during the holiday season and the pandemic, and (ii) the decrease in online marketing revenues due to the decrease in the average revenue per online marketing Active Merchant.

Our revenues from the new initiatives and others segment decreased by 31.5% to RMB4.2 billion for the first quarter of 2020 from RMB6.1 billion for the fourth quarter of 2019, primarily due to the decrease in revenues from most of our new initiatives except for our Meituan Instashopping and Meituan grocery retail services, both of which had increasing demand during the pandemic.

Costs and Expenses

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	Unaudited				
	Three Months Ended				
	March 31, 2020		December 31, 2019		Quarter-over- quarter change
Amount	As a percentage of revenues	Amount	As a percentage of revenues		
<i>(RMB in thousands, except for percentages)</i>					
Costs and Expenses:					
Cost of revenues	11,557,421	69.0%	18,440,124	65.5%	(37.3%)
Selling and marketing expenses	3,199,439	19.1%	5,349,095	19.0%	(40.2%)
Research and development expenses	2,296,458	13.7%	2,239,885	8.0%	2.5%
General and administrative expenses	1,069,741	6.4%	1,232,474	4.4%	(13.2%)
Net provision for impairment losses on financial assets	237,542	1.4%	332,004	1.2%	(28.5%)

Cost of Revenues

Our cost of revenues decreased by 37.3% to RMB11.6 billion for the first quarter of 2020 from RMB18.4 billion for the fourth quarter of 2019 and increased to 69.0% from 65.5% as a percentage of revenues. The decrease in the amount was mainly attributable to (i) a RMB4.7 billion decrease in food delivery rider costs as a result of the decrease in the number of orders completed, (ii) a RMB1.1 billion decrease in cost of goods sold from our B2B food distribution services, and (iii) a RMB0.4 billion decrease in car-hailing driver-related costs in line with the decrease in transaction volume. The increase as a percentage of revenues was mainly due to the increase in fixed costs, including depreciation expenses.

Selling and Marketing Expenses

Our selling and marketing expenses decreased to RMB3.2 billion for the first quarter of 2020 from RMB5.3 billion for the fourth quarter of 2019, remaining relatively stable as a percentage of revenues. The decrease in amount was primarily attributable to (i) a RMB1.4 billion decrease in Transacting User incentives, mainly resulting from the reduction of subsidies in the food delivery and hotel booking businesses, which was driven by the decrease in the number of transactions during the holiday season and the pandemic, (ii) a RMB414.1 million decrease in promotion and advertising expenses, mainly due to our reduced spending in promotional campaigns, and (iii) a RMB112.9 million decrease in employee benefits expenses, mainly due to reduced sales commission in line with the revenue decrease.

Research and Development Expenses

Our research and development expenses increased to RMB2.3 billion for the first quarter of 2020 from RMB2.2 billion for the fourth quarter of 2019 and increased to 13.7% from 8.0% as a percentage of revenues. The increase as a percentage of revenues was mainly attributable to decrease in operating leverage.

General and Administrative Expenses

Our general and administrative expenses decreased to RMB1.1 billion for the first quarter of 2020 from RMB1.2 billion for the fourth quarter of 2019 and increased to 6.4% from 4.4% as a percentage of revenues. The increase as a percentage of revenues was mainly due to decrease in operating leverage.

Net Provision for Impairment Losses on Financial Assets

Our net provision for impairment losses on financial assets was RMB237.5 million for the first quarter of 2020, compared to RMB332.0 million for the fourth quarter of 2019, primarily due to a RMB64.7 million decrease in connection with the impairment of certain financial instruments. Net provision for impairment losses on financial assets as a percentage of revenues increased by 0.2 percentage points to 1.4% quarter-over-quarter due to pandemic impact on payment collection.

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

Our fair value change on investments measured at fair value through profit or loss was negative RMB508.3 million for the first quarter of 2020, compared to positive RMB72.4 million for the fourth quarter of 2019. This was primarily due to fair value loss of RMB508.7 million in connection with an equity investment during the first quarter of 2020.

Other Gains, Net

Our other gains, net for the first quarter of 2020 decreased by RMB387.3 million to RMB399.4 million compared to the fourth quarter of 2019, mainly attributable to (i) our donation to establish a special support fund during the pandemic, and (ii) less gains from treasury investments and our disposal of subsidiaries.

Operating (Loss)/Profit

As a result of the foregoing, our operating loss for the first quarter of 2020 was RMB1.7 billion, compared to an operating profit of RMB1.4 billion for the fourth quarter of 2019.

Operating (loss)/profit by segment and operating margin by segment are set forth in the table below.

**Unaudited
Three Months Ended**

	March 31, 2020		December 31, 2019		Quarter-over- quarter change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	(70,881)	(0.7%)	482,829	3.1%	(114.7%)
In-store, hotel & travel	680,179	22.0%	2,331,277	36.7%	(70.8%)
New initiatives and others	(1,363,717)	(32.7%)	(1,318,445)	(21.7%)	3.4%
Unallocated items	(961,111)	NA	(71,801)	NA	NA
Total operating (loss)/profit	<u>(1,715,530)</u>	(10.2%)	<u>1,423,860</u>	5.1%	(220.5%)

Our operating profit from the food delivery segment turned to negative RMB70.9 million for the first quarter of 2020 from positive RMB482.8 million for the fourth quarter of 2019, mainly attributable to (i) the significant decrease in transaction volume as both supply and demand decreased during the holiday season and the pandemic, (ii) the decrease in Monetization Rate as a result of the adoption and implementation of merchant supportive policies, (iii) the decrease in online marketing revenues due to less merchants' marketing needs during the same period, and (iv) the increase in delivery cost per order due to the pandemic and additional costs associated with anti-epidemic measures and supplier supportive actions, partially offset by reduced Transacting User incentives and promotion and advertising expenses. The operating margin for this segment turned to negative 0.7% from positive 3.1% on a quarter-over-quarter basis, mainly due to (i) the aforementioned increase in delivery cost per order, and (ii) decrease in operating leverage leading to higher percentage of revenue in research and development expenses, partially offset by a 16.2% increase in average order value.

Our operating profit from the in-store, hotel & travel segment decreased by 70.8% to RMB680.2 million for the first quarter of 2020 from RMB2.3 billion for the fourth quarter of 2019, as a result of the decline in both commissions and online marketing revenues during the holiday season and the pandemic, partially offset by reduced Transacting User incentives and promotion and advertising expenses. The operating margin for this segment decreased by 14.7 percentage points to 22.0% on a quarter-over-quarter basis, mainly due to the decrease in operating leverage.

Our operating loss from the new initiatives and others segment expanded by 3.4% to RMB1.4 billion for the first quarter of 2020 from RMB1.3 billion for the fourth quarter of 2019. Our operating margin for this segment decreased to negative 32.7% from negative 21.7% on a quarter-over-quarter basis, primarily attributable to (i) the decrease in operating margin of most of our new initiatives as a result of the negative impact from the pandemic, and (ii) revenue mix change.

(Loss)/Profit before Income Tax

Primarily as a result of the foregoing, our loss before income tax for the first quarter of 2020 was RMB1.7 billion, compared to a profit of RMB1.5 billion for the fourth quarter of 2019.

Income Tax Credits/(Expenses)

We had income tax credits of RMB115.2 million for the first quarter of 2020, compared to income tax expenses of RMB29.6 million for the fourth quarter of 2019, primarily due to the losses incurred by some entities in this quarter.

(Loss)/Profit for the Period

As a result of the foregoing, we had a loss of RMB1.6 billion for first quarter of 2020, compared to a profit of RMB1.5 billion for the fourth quarter of 2019.

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 has 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 first quarter of 2020 and 2019 and the fourth quarter of 2019, to the nearest measures prepared in accordance with IFRS.

	Unaudited		
	Three Months Ended		
	March 31,	March 31,	December 31,
	2020	2019	2019
	<i>(RMB in thousands)</i>		
(Loss)/profit for the period	(1,579,278)	(1,433,330)	1,460,285
Adjusted for:			
Share-based compensation expenses	691,676	438,068	700,133
Fair value losses/(gains) on investments ⁽¹⁾	508,261	(211,158)	(72,443)
Losses/(gains) on disposal of investments and subsidiaries	–	1,490	(43,889)
Amortization of intangible assets resulting from acquisitions	160,857	165,548	165,547
Impairment and expense provision for Mobike restructuring plan	(238)	–	7,977
Net provision for impairment losses on financial assets	–	–	57,333
Tax effects on non-IFRS adjustments	2,374	(9,747)	(4,724)
Adjusted net (loss)/profit	(216,348)	(1,049,129)	2,270,219
Adjusted for:			
Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments	(117,612)	153,066	34,369
Share of (gains) of investments accounted for using equity method	(11,128)	(7,530)	(57,646)

	Unaudited		
	Three Months Ended		
	March 31,	March 31,	December 31,
	2020	2019	2019
	<i>(RMB in thousands)</i>		
Finance income	(57,930)	(52,922)	(53,519)
Finance costs	48,044	46,821	45,095
Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries	(399,445)	(234,755)	(742,857)
Amortization of software and others	131,636	130,911	135,776
Depreciation on property, plant and equipment	664,094	1,472,412	547,213
Adjusted EBITDA	41,311	458,874	2,178,650

(1) 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.

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 RMB14.1 billion and short-term investments of RMB42.4 billion as of March 31, 2020.

The following table sets forth our cash flows for the first quarter of 2020:

	Unaudited
	Three Months Ended
	March 31, 2020
	<i>(RMB in thousands)</i>
Net cash used in operating activities	(5,038,896)
Net cash generated from investing activities	5,733,551
Net cash used in financing activities	(69,875)
Net increase in cash and cash equivalents	624,780
Cash and cash equivalents at the beginning of the period	13,396,185
Exchange gain on cash and cash equivalents	116,863
Cash and cash equivalents at the end of the period	14,137,828

Net Cash Used in Operating Activities

Net cash used in operating activities represents the cash used in our operation plus the income tax paid. Cash used in our operations primarily consisted of our loss for the first quarter of 2020, as adjusted by non-cash items and changes in working capital.

For the first quarter of 2020, net cash used in operating activities was RMB5.0 billion, which was primarily attributable to our loss before income tax of RMB1.7 billion, as adjusted by (i) non-cash items, which primarily comprised depreciation and amortization of RMB956.6 million, and share-based payments of RMB691.7 million, and (ii) changes in working capital, which primarily comprised a decrease in payables to merchants of RMB3.4 billion, a decrease in trade payables of RMB2.4 billion, a decrease in other payables and accruals of RMB1.4 billion and a decrease in advance from transacting users of RMB920.7 million, partially offset by a decrease in restricted cash of RMB2.9 billion.

Net Cash Generated from Investing Activities

For the first quarter of 2020, net cash generated from investing activities was RMB5.7 billion, which was mainly attributable to proceeds from our disposals of treasury investments of RMB39.3 billion, partially offset by our purchase of treasury investments of RMB32.6 billion, purchase of property, plant and equipment of RMB645.1 million, and acquisition of equity investments of RMB633.2 million.

Net Cash Used in Financing Activities

For the first quarter of 2020, net cash used in financing activities was RMB69.9 million, which was mainly attributable to lease payments of RMB160.2 million and finance costs paid of RMB49.6 million, partially offset by proceeds from the exercise of options of RMB131.7 million.

Gearing ratio

As of March 31, 2020, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was approximately 4.4%.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited		
	Three months ended		
	March 31,	March 31,	December 31,
	2020	2019	2019
	<i>(RMB in thousands)</i>		
Revenues			
Commission	10,800,101	13,164,718	18,357,737
Online marketing services	2,864,409	2,860,801	4,937,769
Interest revenue	212,145	158,590	197,759
Other services and sales	2,877,232	2,989,403	4,664,988
	16,753,887	19,173,512	28,158,253
Cost of revenues	(11,557,421)	(14,104,172)	(18,440,124)
Gross profit	5,196,466	5,069,340	9,718,129
Selling and marketing expenses	(3,199,439)	(3,706,112)	(5,349,095)
Research and development expenses	(2,296,458)	(2,036,100)	(2,239,885)
General and administrative expenses	(1,069,741)	(1,012,213)	(1,232,474)
Net provision for impairment losses on financial assets	(237,542)	(62,980)	(332,004)
Fair value changes on investments measured at fair value through profit or loss	(508,261)	165,292	72,443
Other gains, net	399,445	279,131	786,746
Operating (loss)/profit	(1,715,530)	(1,303,642)	1,423,860
Finance income	57,930	52,922	53,519
Finance costs	(48,044)	(46,821)	(45,095)
Share of gains of investments accounted for using equity method	11,128	7,530	57,646
(Loss)/profit before income tax	(1,694,516)	(1,290,011)	1,489,930
Income tax credits/(expenses)	115,238	(143,319)	(29,645)
(Loss)/profit for the period	(1,579,278)	(1,433,330)	1,460,285
(Loss)/profit for the period attributable to:			
Equity holders of the Company	(1,578,336)	(1,431,777)	1,457,929
Non-controlling interests	(942)	(1,553)	2,356
	(1,579,278)	(1,433,330)	1,460,285

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As of March 31, 2020	Audited As of December 31, 2019
<i>(RMB in thousands)</i>		
ASSETS		
Non-current assets		
Property, plant and equipment	5,270,297	5,376,217
Intangible assets	32,411,394	32,699,575
Deferred tax assets	560,734	590,054
Investments accounted for using the equity method	2,313,528	2,283,590
Financial assets at fair value through profit or loss	7,367,919	7,166,122
Prepayments, deposits and other assets	2,832,266	1,762,312
	50,756,138	49,877,870
Current assets		
Inventories	261,197	275,227
Trade receivables	921,268	676,762
Prepayments, deposits and other assets	8,937,649	9,591,157
Short-term investments	42,376,152	49,435,599
Restricted cash	5,814,831	8,760,115
Cash and cash equivalents	14,137,828	13,396,185
	72,448,925	82,135,045
Total assets	123,205,063	132,012,915
EQUITY		
Share capital	390	389
Share premium	260,726,062	260,359,929
Other reserves	(3,298,673)	(4,447,252)
Accumulated losses	(165,378,957)	(163,800,621)
Equity attributable to equity holders of the Company	92,048,822	92,112,445
Non-controlling interests	(58,993)	(58,051)
Total equity	91,989,829	92,054,394

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Unaudited As of March 31, 2020	Audited As of December 31, 2019
<i>(RMB in thousands)</i>		
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,237,688	1,388,469
Deferred revenues	333,400	389,028
Borrowings	466,738	466,676
Lease liabilities	986,722	992,233
Other non-current liabilities	147,183	129,552
	3,171,731	3,365,958
Current liabilities		
Trade payables	4,612,501	6,766,253
Payables to merchants	4,073,672	7,495,262
Advance from transacting users	2,934,858	3,855,559
Deposit from transacting users	2,440,515	2,491,947
Other payables and accruals	5,835,873	7,237,412
Borrowings	3,557,738	3,552,587
Deferred revenues	3,946,330	4,567,171
Lease liabilities	545,563	534,566
Income tax liabilities	96,453	91,806
	28,043,503	36,592,563
Total liabilities	31,215,234	39,958,521
Total equity and liabilities	123,205,063	132,012,915

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 three months ended March 31, 2020.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Company's unaudited interim financial statements for the three months ended March 31, 2020. 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.

Events after the Reporting Period

There was no significant events that might affect the Company since the end of the three months ended March 31, 2020.

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 during the three months ended March 31, 2020. 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 during the three months ended March 31, 2020.

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, May 25, 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:

Term	Definition
“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 (美团点评) (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 (美团点评) 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