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(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 SEPTEMBER 30, 2020

The Board of Directors (the “**Board**”) of Meituan 美团 (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company for the three months ended September 30, 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 |
|---------------------------|---|-----------------------------------|--------------------|-----------------------------------|---------------------------|
| | September 30, 2020 | | September 30, 2019 | | |
| | Amount | As a percentage of revenues | Amount | As a percentage of revenues | |
| | <i>(RMB in thousands, except for percentages)</i> | | | | |
| Revenues | 35,401,282 | 100.0% | 27,493,629 | 100.0% | 28.8% |
| Operating profit | 6,723,683 ¹ | 19.0% | 1,447,064 | 5.3% | 364.6% |
| Profit for the period | 6,321,001 | 17.9% | 1,333,382 | 4.8% | 374.1% |
| Non-IFRS Measures: | | | | | |
| Adjusted EBITDA | 2,675,399 | 7.6% | 2,285,301 | 8.3% | 17.1% |
| Adjusted net profit | 2,054,996 | 5.8% | 1,942,049 | 7.1% | 5.8% |

¹ Operating profit for the third quarter of 2020 included RMB5.8 billion in fair value gain on investment in listed entities.

Financial Information by Segment

| | Unaudited Three Months Ended | | Year-over- year change |
|---------------------------------|---|-----------------------|---------------------------|
| | September 30, 2020 | September 30, 2019 | |
| | <i>(RMB in thousands, except for percentages)</i> | | |
| Revenues: | | | |
| Food delivery | 20,692,816 | 15,576,972 | 32.8% |
| In-store, hotel & travel | 6,478,078 | 6,181,117 | 4.8% |
| New initiatives and others | 8,230,388 | 5,735,540 | 43.5% |
| Total revenues | <u>35,401,282</u> | <u>27,493,629</u> | 28.8% |
| Operating profit/(loss): | | | |
| Food delivery | 768,477 | 330,907 | 132.2% |
| In-store, hotel & travel | 2,787,256 | 2,331,639 | 19.5% |
| New initiatives and others | (2,028,909) | (1,201,845) | 68.8% |
| Unallocated items ² | 5,196,859 | (13,637) | NA |
| Total operating profit | <u>6,723,683</u> | <u>1,447,064</u> | 364.6% |

Operating Metrics

| | Twelve Months Ended | | Year-over- year change |
|---|--|-----------------------|---------------------------|
| | September 30, 2020 | September 30, 2019 | |
| | <i>(in millions, except for percentages)</i> | | |
| Number of Transacting Users | 476.5 | 435.8 | 9.4% |
| Number of Active Merchants | 6.5 | 5.9 | 9.5% |
| | <i>(units, except for percentages)</i> | | |
| Average number of transactions per annual Transacting User | 26.8 | 26.5 | 0.9% |

| | Three Months Ended | | Year-over- year change |
|---|--|-----------------------|---------------------------|
| | September 30, 2020 | September 30, 2019 | |
| | <i>(in millions, except for percentages)</i> | | |
| Gross Transaction Volume of food delivery | 152,232.5 | 111,926.9 | 36.0% |
| Number of food delivery transactions | 3,212.7 | 2,469.1 | 30.1% |
| Number of domestic hotel room nights | 113.9 | 109.8 | 3.7% |

² Unallocated items include (i) share-based compensation, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes on other financial investments at fair value through profit or loss, (iv) other gains, net, and (v) impairment provision and restructuring expense for Mobike restructuring plan.

BUSINESS REVIEW AND OUTLOOK

Company Financial Highlights

As China's economic recovery accelerated during the third quarter of 2020 as a result of effective COVID-19 containment, our businesses continued to recover steadily and achieved positive growth across all segments. Total revenues for the third quarter of 2020 increased by 28.8% on a year-over-year basis and by 43.2% on a quarter-over-quarter basis to RMB35.4 billion. Operating profit increased from RMB1.4 billion for the third quarter of 2019 to RMB6.7 billion for this quarter, including RMB5.8 billion in fair value gain on investment in listed entities. Operating margin increased from 5.3% in the same period of 2019 to 19.0% for this quarter. Both adjusted EBITDA and adjusted net profit experienced positive year-over-year growth and improved to RMB2.7 billion and RMB2.1 billion, respectively. Our operating cash flow decreased to RMB3.3 billion for the third quarter of 2020 from RMB5.6 billion for the second quarter of 2020 due to an RMB2.0 billion decrease in working capital change. We had cash and cash equivalents of RMB19.7 billion and short-term treasury investments of RMB33.7 billion as of September 30, 2020, compared to the balances of RMB13.9 billion and RMB44.5 billion, respectively, as of June 30, 2020.

Company Business Highlights

Food delivery

For the third quarter of 2020, GTV of our food delivery business increased by 36.0% year-over-year to RMB152.2 billion. The daily average number of food delivery transactions increased by 30.1% year-over-year to 34.9 million. The average value per order of our food delivery business increased by 4.5% year-over-year. Monetization Rate³ of our food delivery business decreased to 13.6% from 13.9% in the same period of 2019. As a result, revenue increased by 32.8% year-over-year to RMB20.7 billion for the third quarter of 2020. Operating profit from our food delivery business increased to RMB768.5 million for the third quarter of 2020 from RMB330.9 million for the third quarter of 2019, while operating margin increased to 3.7% from 2.1%.

³ Monetization Rate equals the revenues for the period divided by the Gross Transaction Volume for the period.

Summer is generally the peak season in terms of order volume. In order to further stimulate the recovery of our food delivery business, help merchants grow their operations and accelerate consumers' lifestyle changes, we continued to expand our high-quality merchant base and increase the diversity of restaurants on our platform. We also continued to enhance our operating systems, increase the level of operational granularity from individual restaurants to individual dishes, and cooperate with millions of merchants on several summer promotional events. At the same time, we further optimized our marketing tools that enabled us to better collaborate with merchants on consumer targeting, providing merchants with more consumer traffic and higher order growth.

In addition, the popularity of different consumption categories, such as late-night snacks and afternoon tea, continued to increase during the summer, we thus adopted more tailored and differentiated operations for these categories by expanding our merchant supply, improving product quality and enhancing our category-specific marketing capabilities. For example, after accurately identifying the growing consumer preference for bubble tea, we leveraged festivals, such as Chinese Valentines' Day and bubble tea-themed marketing events, to provide consumers with a wide variety of attractive promotions during these periods. As a result, we further expanded our bubble tea product offerings and also drove the growth in the number of transactions for the afternoon tea category during the quarter. For late-night snacks, beyond broadening our merchant and product selections, we also prioritized the exposure of late-night snack merchants on our app at night to enhance their marketing efficiency, worked closely with merchants to roll out a wider range of late-night snack set menu and adopted more innovative marketing solutions during late-night hours. As a result, the number of transactions for the late-night snack category also grew significantly in the third quarter of 2020.

Meanwhile, we continued to improve our marketing efficiency by allocating more resources to repeat consumers especially membership subscribers as well as improving our intelligent recommendations to consumers for different consumption scenarios based on their preferences. Our ability to attract and engage with high-quality consumers improved significantly during this quarter. The scale of our membership subscribers reached new highs and our members contributed a larger proportion of orders towards our total food delivery orders in the third quarter. Our number of monthly transacting users and repeat user transaction frequency also grew to new record highs, driving the overall growth of our food delivery business.

On the delivery front, the strong foundation of our on-demand delivery network enabled us to ensure the timeliness and quality of delivery services throughout the busy summer season as well as under more extreme weather conditions. During this quarter, our on-demand delivery network continued to serve as a critical bedrock and basic infrastructure for our society. More importantly, the safety and social well-being of our riders remained of paramount importance to us and we continued to work towards a better understanding of our riders' needs in the context of business growth. During the third quarter, we further upgraded our delivery dispatch system to provide our riders with higher flexibility in terms of delivery time and task designations during unexpected situations, such as bad weather and heavy traffic. Furthermore, in order to develop algorithms and technologies capable of ensuring rider safety, we strengthened our research and development capabilities. Additionally, we improved our rider assessment model by taking safety indicators and other comprehensive factors into account to enable our riders to obtain reasonable compensation while also ensuring their safety. Moreover, we increased our investments to better support riders' families in areas such as healthcare and education. For example, during this year's "717 Riders Festival", we expanded the scope of our "Baby Kangaroo Charity Program" from healthcare to education for our riders' children.

In-store, hotel & travel

Revenues from our in-store, hotel & travel businesses increased by 4.8% year-over-year to RMB6.5 billion in the third quarter of 2020. Operating profit from our in-store, hotel & travel businesses increased to RMB2.8 billion for the third quarter of 2020 from RMB2.3 billion for the third quarter of 2019, while operating margin increased to 43.0% from 37.7%.

Due to the effective management of COVID-19 in China as well as the surging consumption demand during the summer period, both the transaction volume and GTV of our in-store segment experienced positive year-over-year growth during this quarter. Moreover, the recovery of merchants' marketing demand of our in-store segment was on the right track. As a result, the year-over-year growth in both commission revenues and online marketing service revenues of the in-store segment turned positive this quarter. For the in-store dining business, synergies between our food delivery and in-store dining businesses grew during this quarter as we converted more food delivery merchants into in-store dining merchants. At the same time, we also continued to stratify our merchant base and enhance our operational capability, while expanding our coverage of high-quality restaurants. On the demand side, we launched a series of promotional campaigns in the third quarter of 2020 to accelerate industry growth recovery. For the other local services, we launched "Season of Plays" and other marketing initiatives to accelerate our industry's revival and capitalize on peak user engagement levels during the summer holidays. Although consumer confidence in certain social gathering activities has not fully recovered yet, non-social events in categories such as beauty, parent & child and auto services all achieved positive year-over-year growth in the third quarter. Notably, the growth of a few consumption upgrade categories, such as medical aesthetics and pet care, further accelerated in the third quarter. Meanwhile, certain service categories targeting niche demographics also experienced rapid growth, including paid study rooms, interactive pet experiences and escape rooms.

With respect to our hotel booking business, as a result of China's effective control measures and stronger travelling demands during the summer, cross-city and business travels both recovered well in comparison to previous quarters, with the year-over-year growth of domestic room nights consumed on our platform turning to positive 3.7% in the third quarter of 2020. Notably, consumers' desire for leisure travel mostly recovered, while consumers' preferred travel destinations shifted from overseas to domestic destinations, which allowed us to leverage our competitive advantages domestically. In the meantime, as we continued to strengthen our cooperation with high-star hotels, the number of high-star hotels that we worked with increased substantially quarter over quarter. Our "Hotel+X" program also continued to expand, utilizing our differentiated value proposition to cover more hotel groups in the period. As a result, the contribution from high-end hotels further increased year-over-year. In addition, we increased our investments in customer service for consumers seeking low- to high-end hotels while also setting up a special, dedicated service team for consumers seeking high-end hotels, enabling us to better cater to each group's specific needs and improve our ability to better serve a broader group of consumers.

New initiatives and others

Revenues from the new initiatives and others segment increased by 43.5% year-over-year to RMB8.2 billion in the third quarter of 2020. On a sequential basis, operating loss from the new initiatives and others segment expanded by 39% to RMB2.0 billion for the third quarter of 2020 from RMB1.5 billion for the second quarter of 2020, while operating margin improved by 1.2 percentage points to negative 24.7% for the third quarter of 2020 from negative 25.9% for the second quarter of 2020. Operating loss from the new initiatives and others segment expanded by 68.8% on a year-over-year basis, while operating margin decreased by 3.7 percentage points year-over-year.

During the third quarter of 2020, we continued to ramp up our investments in new initiatives, especially in areas that we believe to have promising long-term growth potential and fit well into our "Food + Platform" strategy. Grocery retail business continued to be our top priority. Our marketplace model "Meituan Instashopping" achieved stellar transaction volume growth during the third quarter of 2020 on a year-over-year basis, as a result of steady user traffic growth, strong momentum in key SKU categories and improved marketing efficiency. Notably, as part of our efforts to deliver everything to consumers' homes, we successfully expanded our category coverage while growing our key categories, such as flowers and medicine, during this quarter, with both medicine sales and flower sales ramping up substantially year-over-year. In particular, by utilizing our online platform and on-demand delivery network, we aimed to provide more convenient solutions to consumers and create values within the medical system for our society at large, with the number of pharmacies operating on our platform increasing rapidly during this quarter. Moreover, by leveraging our instant delivery infrastructure, we were able to deliver medicines in a timely manner to better satisfy the increasingly diverse healthcare needs of Chinese consumers. For our self-operated model, "Meituan Grocery," as we continued to increase coverage density across Beijing, Shanghai, Guangzhou and Shenzhen, both the quarterly transacting users and transaction volume grew rapidly during this quarter. During this quarter, we launched our community group-purchase model, "Meituan Select", and continued to expand during the quarter. We remained focused on iterating its business model and building our key capabilities. We also explored different methods of improving our warehouse efficiency and group leader management capabilities, while accumulating experiences with a wider variety of SKU products. At the same time, we leveraged our existing supply chain resources and offline business development capabilities to further accelerate our pace of expansion, improve operating efficiency and enhance SKU management. As a result, we were able to instill unique brand awareness with both consumers and group leaders as we ramp up our business scale.

MANAGEMENT DISCUSSION AND ANALYSIS

Third Quarter of 2020 Compared to Third Quarter of 2019

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

| | Unaudited | |
|---|---------------------------|----------------------|
| | Three Months Ended | |
| | September 30, | September 30, |
| | 2020 | 2019 |
| | <i>(RMB in thousands)</i> | |
| Revenues | | |
| Commission | 23,128,278 | 18,573,968 |
| Online marketing services | 5,659,942 | 4,409,272 |
| Interest revenue | 218,687 | 227,800 |
| Other services and sales | 6,394,375 | 4,282,589 |
| | 35,401,282 | 27,493,629 |
| Cost of revenues | (24,578,273) | (17,901,345) |
| Gross profit | 10,823,009 | 9,592,284 |
| Selling and marketing expenses | (5,835,574) | (5,614,750) |
| Research and development expenses | (2,970,120) | (2,137,349) |
| General and administrative expenses | (1,415,119) | (1,055,969) |
| Net provision for impairment losses on financial assets | (130,285) | (111,990) |
| Fair value changes on other financial investments at fair value through profit or loss | 5,779,364 | 163,615 |
| Other gains, net | 472,408 | 611,223 |
| Operating profit | 6,723,683 | 1,447,064 |
| Finance income | 45,678 | 38,235 |
| Finance costs | (111,506) | (49,011) |
| Share of gains of investments accounted for using equity method | 92,698 | 24,329 |
| Profit before income tax | 6,750,553 | 1,460,617 |
| Income tax expenses | (429,552) | (127,235) |
| Profit for the period | 6,321,001 | 1,333,382 |
| Non-IFRS measures: | | |
| Adjusted EBITDA | 2,675,399 | 2,285,301 |
| Adjusted net profit | 2,054,996 | 1,942,049 |

Revenues

Our revenues increased by 28.8% to RMB35.4 billion for the third quarter of 2020 from RMB27.5 billion in the same period of 2019. The increase was mainly driven by the solid revenue growth of our food delivery business, the steady recovery of our in-store, hotel & travel businesses and robust revenue growth of our new initiatives.

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

| | Unaudited | | | |
|--|--|---|---|-------------------|
| | Three Months Ended September 30, 2020 | | | |
| | Food delivery | In-store, hotel & travel | New initiatives and others | Total |
| | <i>(RMB in thousands)</i> | | | |
| Revenues | | | | |
| Commission | 18,251,171 | 3,321,348 | 1,555,759 | 23,128,278 |
| Online marketing services | 2,407,888 | 3,147,357 | 104,697 | 5,659,942 |
| Other services and sales (including interest revenue) | 33,757 | 9,373 | 6,569,932 | 6,613,062 |
| Total | 20,692,816 | 6,478,078 | 8,230,388 | 35,401,282 |

| | Unaudited | | | |
|--|--|---|---|-------------------|
| | Three Months Ended September 30, 2019 | | | |
| | Food delivery | In-store, hotel & travel | New initiatives and others | Total |
| | <i>(RMB in thousands)</i> | | | |
| Revenues | | | | |
| Commission | 14,050,966 | 3,307,410 | 1,215,592 | 18,573,968 |
| Online marketing services | 1,503,739 | 2,850,109 | 55,424 | 4,409,272 |
| Other services and sales (including interest revenue) | 22,267 | 23,598 | 4,464,524 | 4,510,389 |
| Total | 15,576,972 | 6,181,117 | 5,735,540 | 27,493,629 |

Our revenues from the food delivery segment increased by 32.8% to RMB20.7 billion for the third quarter of 2020 from RMB15.6 billion for the same period of 2019. Commission revenue increased by 29.9% to RMB18.3 billion as a result of the increase in Gross Transaction Volume, which was driven by (i) the increase in order volume by 30.1% as we raised the subsidies to stimulate user consumption, and (ii) the increase in average order value by 4.5% year-over-year because of the higher portion of orders from branded merchants on our platform. Online marketing services revenue increased by 60.1% to RMB2.4 billion as a result of (i) the increase in the number of Active Merchants using our online marketing services due to their growing willingness to acquire online traffic, and (ii) the increase in the revenues contributed by each Active Merchant.

Our revenues from the in-store, hotel & travel segment increased by 4.8% to RMB6.5 billion for the third quarter of 2020 from RMB6.2 billion for the same period of 2019, as a result of the increase in online marketing services revenue due to the increase in the number of Active Merchants.

Our revenues from the new initiatives and others segment increased by 43.5% to RMB8.2 billion for the third quarter of 2020 from RMB5.7 billion for the same period of 2019, mainly due to the increase in revenues from the B2B food distribution services, Meituan Grocery, Meituan Select and Meituan Instashopping as we expanded these businesses to satisfy customers' growing needs, partially offset by the decrease in revenues from the restaurant management systems and car-hailing services.

Costs and Expenses

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

| | Unaudited | | Unaudited | | Year-over-year change |
|---|--------------------|--------------------|--------------------|--------------------|-----------------------|
| | Three Months Ended | | Three Months Ended | | |
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 | |
| | As a percentage of | | As a percentage of | | |
| Amount | revenues | Amount | revenues | | |
| <i>(RMB in thousands, except for percentages)</i> | | | | | |
| Costs and Expenses: | | | | | |
| Cost of revenues | 24,578,273 | 69.4% | 17,901,345 | 65.1% | 37.3% |
| Selling and marketing expenses | 5,835,574 | 16.5% | 5,614,750 | 20.4% | 3.9% |
| Research and development expenses | 2,970,120 | 8.4% | 2,137,349 | 7.8% | 39.0% |
| General and administrative expenses | 1,415,119 | 4.0% | 1,055,969 | 3.8% | 34.0% |
| Net provision for impairment losses on financial assets | 130,285 | 0.4% | 111,990 | 0.4% | 16.3% |

Cost of Revenues

Our cost of revenues increased by 37.3% to RMB24.6 billion for the third quarter of 2020 from RMB17.9 billion in the same period of 2019 and increased by 4.3 percentage points to 69.4% from 65.1% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an RMB4.0 billion increase in food delivery rider costs in line with the increase of order volume, (ii) an RMB1.3 billion increase in cost of goods sold due to the growth of our B2B food distribution services and Meituan Grocery, (iii) an RMB416.3 million increase in other outsourcing labor costs due to the growth of our Meituan Instashopping and Meituan Grocery, and (iv) an RMB323.1 million increase in depreciation of property, plant and equipment due to capital expenditure for our business expansion. The increase as a percentage of revenues on a year-over-year basis mainly resulted from the increase in delivery riders costs.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB5.8 billion for the third quarter of 2020 and RMB5.6 billion for the same period of 2019, and decreased by 3.9 percentage points to 16.5% from 20.4% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an RMB229.1 million increase in employee benefits expenses, mainly due to the increase in the number of employees as a result of our new business expansion, and (ii) an RMB164.3 million increase in promotion and advertising expenses, mainly driven by our enlarged promotional campaigns in the summer season to stimulate user growth and consumption. We adjusted our marketing strategy so that our selling and marketing expenses as a percentage of revenues decreased.

Research and Development Expenses

Our research and development expenses increased to RMB3.0 billion for the third quarter of 2020 from RMB2.1 billion in the same period of 2019, and increased by 0.6 percentage points to 8.4% from 7.8% as a percentage of revenues. The increase in both amount and as a percentage of revenues were mainly driven by the increase in the number of employees due to our new businesses expansion and increase in the share-based compensation.

General and Administrative Expenses

Our general and administrative expenses increased to RMB1.4 billion for the third quarter of 2020 from RMB1.1 billion in the same period of 2019, and remained flat as a percentage of revenues on a year-over-year basis. The increase was mainly driven by the increase in the number of employees due to our new business expansion and increase in share-based compensation.

Net Provision for Impairment Losses on Financial Assets

Our net provision for impairment losses on financial assets increased to RMB130.3 million for the third quarter of 2020 from RMB112.0 million in the same period of 2019, and remained flat as a percentage of revenues on a year-over-year basis. This increase was primarily due to the increase in financial assets.

Fair Value Changes on Other Financial Investments at Fair Value Through Profit or Loss

Our gain in fair value changes on other financial investments at fair value through profit or loss was RMB5.8 billion for the third quarter of 2020, compared with a gain of RMB163.6 million in the same period of 2019. This was primarily due to the fair value changes in our investments in listed entities.

Other Gains, Net

Our other gains, net for the third quarter of 2020 decreased by RMB138.8 million to RMB472.4 million compared to the same period of 2019, primarily due to the decrease in gains from treasury investments.

Operating Profit

As a result of the foregoing, our operating profit and margin for the third quarter of 2020 was RMB6.7 billion and 19.0% respectively, compared to RMB1.4 billion and 5.3% in the same period of 2019.

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

**Unaudited
Three Months Ended**

| | September 30, 2020 | | September 30, 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 | 768,477 | 3.7% | 330,907 | 2.1% | 132.2% |
| In-store, hotel & travel | 2,787,256 | 43.0% | 2,331,639 | 37.7% | 19.5% |
| New initiatives and others | (2,028,909) | (24.7%) | (1,201,845) | (21.0%) | 68.8% |
| Unallocated items | 5,196,859 | NA | (13,637) | NA | NA |
| Total operating profit | 6,723,683 | 19.0% | 1,447,064 | 5.3% | 364.6% |

Our operating profit from the food delivery segment increased to RMB768.5 million for the third quarter of 2020 from RMB330.9 million for the same period of 2019, mainly driven by growth in revenues and gross profit. Our operating margin for this segment increased by 1.6 percentage points to 3.7% from 2.1% on a year-over-year basis mainly attributable to (i) improved marketing efficiency, and (ii) the change in revenue mix as online marketing revenue contributed a higher percentage of revenues, partially offset by the increase in delivery riders costs.

Our operating profit from the in-store, hotel & travel segment increased by 19.5% to RMB2.8 billion for the third quarter of 2020 from RMB2.3 billion for the same period of 2019, mainly due to the increase in online marketing revenue and reduced Transacting User incentives. Our operating margin for this segment increased by 5.3 percentage points to 43.0% from 37.7% on a year-over-year basis, mainly due to (i) increased marketing efficiency, and (ii) revenue mix change as online marketing services revenue contributed a higher percentage of revenues.

Our operating loss from the new initiatives and others segment expanded to negative RMB2.0 billion for the third quarter of 2020 from negative RMB1.2 billion for the same period of 2019, primarily attributable to (i) the increase in operating loss of our grocery retail business, driven by business expansion, and (ii) the increase in loss from some new initiatives, partially offset by the decrease in operating loss from our restaurant management systems. Our operating margin for this segment decreased by 3.7 percentage points to negative 24.7% from negative 21.0% on a year-over-year basis, primarily attributable to (i) the decrease in operating margin of our Meituan Instashopping and Meituan Select businesses as they expanded, and (ii) the change in revenue mix.

Profit before Income Tax

Primarily as a result of the foregoing, our profit before income tax for the third quarter of 2020 was RMB6.8 billion, compared to a profit before income tax of RMB1.5 billion in the same period of 2019.

Income Tax Expenses

We had income tax expenses of RMB429.6 million for the third quarter of 2020, compared to income tax expenses of RMB127.2 million in the same period of 2019, primarily due to higher withholding tax provided.

Profit for the Period

As a result of the foregoing, we had a profit of RMB6.3 billion for the third quarter of 2020, compared to a profit of RMB1.3 billion for the same period of 2019.

Third Quarter of 2020 Compared to Second Quarter of 2020

The following table sets forth the comparative figures for the third quarter of 2020 and the second quarter of 2020:

| | Unaudited | |
|---|---------------------------|--------------|
| | Three Months Ended | |
| | September 30, | June 30, |
| | 2020 | 2020 |
| | <i>(RMB in thousands)</i> | |
| Revenues | | |
| Commission | 23,128,278 | 15,911,364 |
| Online marketing services | 5,659,942 | 4,323,011 |
| Interest revenue | 218,687 | 201,730 |
| Other services and sales | 6,394,375 | 4,285,732 |
| | 35,401,282 | 24,721,837 |
| Cost of revenues | (24,578,273) | (16,146,879) |
| Gross profit | 10,823,009 | 8,574,958 |
| Selling and marketing expenses | (5,835,574) | (4,172,332) |
| Research and development expenses | (2,970,120) | (2,376,737) |
| General and administrative expenses | (1,415,119) | (1,158,092) |
| Net provision for impairment losses on financial assets | (130,285) | (45,676) |
| Fair value changes on other financial investments at fair value through profit or loss | 5,779,364 | 346,689 |
| Other gains, net | 472,408 | 1,005,835 |
| Operating profit | 6,723,683 | 2,174,645 |
| Finance income | 45,678 | 40,352 |
| Finance costs | (111,506) | (60,731) |
| Share of gains of investments accounted for using equity method | 92,698 | 42,881 |
| Profit before income tax | 6,750,553 | 2,197,147 |
| Income tax (expenses)/credits | (429,552) | 13,034 |
| Profit for the period | 6,321,001 | 2,210,181 |
| Non-IFRS measures: | | |
| Adjusted EBITDA | 2,675,399 | 2,610,255 |
| Adjusted net profit | 2,054,996 | 2,718,478 |

Revenues

Our revenues increased by 43.2% to RMB35.4 billion for the third quarter of 2020 from RMB24.7 billion for the second quarter of 2020. All major revenue streams achieved growth on a quarter-over-quarter basis as we recovered from COVID-19, enjoyed seasonal peak and quickly expanded into new initiatives.

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

| | Unaudited | | | |
|--|--|---|---|-------------------|
| | Three Months Ended September 30, 2020 | | | |
| | Food delivery | In-store, hotel & travel | New initiatives and others | Total |
| | <i>(RMB in thousands)</i> | | | |
| Revenues | | | | |
| Commission | 18,251,171 | 3,321,348 | 1,555,759 | 23,128,278 |
| Online marketing services | 2,407,888 | 3,147,357 | 104,697 | 5,659,942 |
| Other services and sales (including interest revenue) | 33,757 | 9,373 | 6,569,932 | 6,613,062 |
| Total | 20,692,816 | 6,478,078 | 8,230,388 | 35,401,282 |
| | | | | |
| | Unaudited | | | |
| | Three Months Ended June 30, 2020 | | | |
| | Food delivery | In-store, hotel & travel | New initiatives and others | Total |
| | <i>(RMB in thousands)</i> | | | |
| Revenues | | | | |
| Commission | 12,719,014 | 2,092,858 | 1,099,492 | 15,911,364 |
| Online marketing services | 1,795,740 | 2,445,305 | 81,966 | 4,323,011 |
| Other services and sales (including interest revenue) | 29,341 | 5,819 | 4,452,302 | 4,487,462 |
| Total | 14,544,095 | 4,543,982 | 5,633,760 | 24,721,837 |

Our revenues from the food delivery segment increased by 42.3% to RMB20.7 billion for the third quarter of 2020 from RMB14.5 billion for the second quarter of 2020. Commission revenue increased by 43.5% to RMB18.3 billion on a quarter-over-quarter basis, as a result of the increase in the number of food delivery transactions by 44.1%, driven by the increase in both food delivery user base and their purchase frequency, since user consumption recovered rapidly as the COVID-19 pandemic became contained, and we raised the subsidies during the summer vacation as well. Online marketing services revenue increased by 34.1% to RMB2.4 billion, primarily due to the increase in the number of Active Merchants and their average marketing expenditure during the summer vacation.

Our revenues from the in-store, hotel & travel segment increased by 42.6% to RMB6.5 billion for the third quarter of 2020 from RMB4.5 billion for the second quarter of 2020. Commission revenue increased by 58.7% to RMB3.3 billion, driven by the recovery in consumers' in-store consumption and seasonality. Online marketing service revenue increased by 28.7% to RMB3.1 billion due to the increase in average marketing expenditure by each Active Merchant of our in-store businesses.

Our revenues from the new initiatives and others segment increased by 46.1% to RMB8.2 billion for the third quarter of 2020 from RMB5.6 billion for the second quarter of 2020, primarily due to the increase in the revenues from the B2B food distribution services, bike-sharing services and grocery retail services, primarily due to further recovery from the COVID-19 pandemic and business expansion.

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 | | | | |
| | September 30, 2020 | | June 30, 2020 | | 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 | 24,578,273 | 69.4% | 16,146,879 | 65.3% | 52.2% |
| Selling and marketing expenses | 5,835,574 | 16.5% | 4,172,332 | 16.9% | 39.9% |
| Research and development expenses | 2,970,120 | 8.4% | 2,376,737 | 9.6% | 25.0% |
| General and administrative expenses | 1,415,119 | 4.0% | 1,158,092 | 4.7% | 22.2% |
| Net provision for impairment losses on financial assets | 130,285 | 0.4% | 45,676 | 0.2% | 185.2% |

Cost of Revenues

Our cost of revenues increased by 52.2% to RMB24.6 billion for the third quarter of 2020 from RMB16.1 billion for the second quarter of 2020, and increased by 4.1 percentage points to 69.4% from 65.3% as a percentage of revenues. The increase in amount was mainly attributable to (i) an RMB5.7 billion increase in food delivery rider costs, which was driven by higher transaction volume and seasonal and temporary incentives to delivery riders, (ii) an RMB1.1 billion increase in cost of goods sold, mainly driven by the growth of B2B food distribution services and Meituan Grocery, (iii) an RMB369.7 million increase in other outsourcing labor costs due to the growth of our Meituan Instashopping and Meituan Grocery, (iv) an increase in payment processing costs, which was in line with the increase in order volume, and (v) an increase in depreciation of property, plant and equipment due to capital expenditure for our business expansion. The increase as a percentage of revenues on a quarter-over-quarter basis mainly resulted from lower gross margin of the food delivery business, driven by seasonal and temporary incentives paid to delivery riders.

Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB5.8 billion for the third quarter of 2020 from RMB4.2 billion for the second quarter of 2020, but decreased by 0.4 percentage points to 16.5% from 16.9% as a percentage of revenues on a quarter-over-quarter basis. The increase in amount was primarily attributable to (i) an RMB822.3 million increase in Transacting User incentives and an RMB243.2 million increase in promotion and advertising expenses due to our food delivery and in-store, hotel & travel summer campaigns and the expansion of our new initiatives, and (ii) an RMB375.5 million increase in employee benefits expenses due to the increase in the number of employees resulting from our business expansion and the decrease in welfare relief due to policy change. The decrease as a percentage of revenues was mainly driven by improved marketing efficiency.

Research and Development Expenses

Our research and development expenses increased to RMB3.0 billion for the third quarter of 2020 from RMB2.4 billion for the second quarter of 2020, but decreased by 1.2 percentage points to 8.4% from 9.6% as a percentage of revenues. The increase in amount was primarily attributable to increased employee benefits expenses, due to the increased share-based compensation, the increased number of employees resulted from our new businesses expansion and the decrease in welfare relief policy due to policy change. The decrease as a percentage of revenues was driven by the improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased to RMB1.4 billion for the third quarter of 2020 from RMB1.2 billion for the second quarter of 2020, but decreased by 0.7 percentage points to 4.0% from 4.7% as a percentage of revenues. The increase in amount was primarily attributable to increased employee benefits expenses, mainly due to the increased number of employees resulting from our business expansion and the decrease in welfare relief due to policy change. The decrease as a percentage of revenues was driven by improved operating leverage.

Net Provision for Impairment Losses on Financial Assets

Our net provision for impairment losses on financial assets increased to RMB130.3 million for the third quarter of 2020 from RMB45.7 million for the second quarter of 2020, and increased by 0.2 percentage points to 0.4% as a percentage of revenues quarter-over-quarter, primarily due to the increase in financial assets.

Fair Value Changes on Other Financial Investments at Fair Value Through Profit or Loss

Our gain in fair value changes on other financial investments at fair value through profit or loss was RMB5.8 billion for the third quarter of 2020, compared to a gain of RMB346.7 million for the second quarter of 2020. This was primarily due to the fair value changes in our investments in listed entities.

Other Gains, Net

Our other gains, net for the third quarter of 2020 decreased by RMB533.4 million to RMB472.4 million compared to the second quarter of 2020, mainly attributable to the decrease in tax return and preference.

Operating Profit

As a result of the foregoing, our operating profit for the third quarter of 2020 was RMB6.7 billion, compared to an operating profit of RMB2.2 billion for the second quarter of 2020.

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

| | Unaudited Three Months Ended | | Unaudited Three Months Ended | | Quarter-over- quarter change |
|-------------------------------|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | September 30, 2020 | June 30, 2020 | September 30, 2020 | June 30, 2020 | |
| | Amount | As a percentage of revenues | Amount | As a percentage of revenues | |
| | <i>(RMB in thousands, except for percentages)</i> | | | | |
| Food delivery | 768,477 | 3.7% | 1,253,421 | 8.6% | (38.7%) |
| In-store, hotel & travel | 2,787,256 | 43.0% | 1,891,563 | 41.6% | 47.4% |
| New initiatives and others | (2,028,909) | (24.7%) | (1,459,539) | (25.9%) | 39.0% |
| Unallocated items | 5,196,859 | NA | 489,200 | NA | NA |
| Total operating profit | 6,723,683 | 19.0% | 2,174,645 | 8.8% | 209.2% |

Our operating profit from the food delivery segment decreased to RMB0.8 billion for the third quarter of 2020 from RMB1.3 billion for the second quarter of 2020, mainly attributable to the increase in delivery rider costs and selling and marketing expenses during the summer vacation. The operating margin for this segment decreased to 3.7% from 8.6% on a quarter-over-quarter basis, mainly due to (i) higher food delivery rider costs as a result of seasonal and temporary incentives to delivery riders, and (ii) revenue mix change as online marketing revenues contributed a lower percentage of revenues.

Our operating profit from the in-store, hotel & travel segment increased by 47.4% to RMB2.8 billion for the third quarter of 2020 from RMB1.9 billion for the second quarter of 2020, mainly due to the increase in gross profit as a result of economy of scale, partially offset by the increase in Transacting User incentives during the summer season. The operating margin for this segment increased by 1.4 percentage points to 43.0% on a quarter-over-quarter basis, mainly due to the increase in operating leverage.

Our operating loss from the new initiatives and others segment expanded by 39.0% to negative RMB2.0 billion for the third quarter of 2020 from negative RMB1.5 billion for the second quarter of 2020, primarily attributable to (i) the increase in operating loss from the grocery retail business driven by our business expansion. The operating margin for this segment narrowed by 1.2 percentage points to negative 24.7% from negative 25.9% on a quarter-over-quarter basis, mainly due to improved operating leverage of some new initiatives, partially offset by margin decrease due to revenue mix change.

Profit before Income Tax

Primarily as a result of the foregoing, our profit before income tax for the third quarter of 2020 was RMB6.8 billion, compared to RMB2.2 billion for the second quarter of 2020.

Income Tax (Expenses)/Credits

We had income tax expenses of RMB429.6 million for the third quarter of 2020, compared to income tax credits of RMB13.0 million for the second quarter of 2020, primarily due to higher withholding tax provided.

Profit for the Period

As a result of the foregoing, we had a profit of RMB6.3 billion for the third quarter of 2020, compared to a profit of RMB2.2 billion for the second quarter of 2020.

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 third quarter of 2020 and 2019 and the second quarter of 2020 to the nearest measures prepared in accordance with IFRS.

**Unaudited
Three Months Ended**

| | September 30, 2020 | September 30, 2019 | June 30, 2020 |
|--|-------------------------------|-----------------------|------------------|
| | <i>(RMB in thousands)</i> | | |
| Profit for the period | 6,321,001 | 1,333,382 | 2,210,181 |
| Adjusted for: | | | |
| Share-based compensation expenses | 838,709 | 537,169 | 705,420 |
| Fair value gains on investments ⁽¹⁾ | (5,779,364) | (163,615) | (347,393) |
| Losses on disposal of investments and subsidiaries | – | 2,222 | – |
| Impairment of intangible assets | 58,166 | – | – |
| Amortization of intangible assets resulting from acquisitions | 160,857 | 165,547 | 160,857 |
| Impairment and expense reversal for Mobike restructuring plan | (2,819) | 85,759 | (2,953) |
| Tax effects on non-IFRS adjustments | 458,446 | (18,415) | (7,634) |
| Adjusted net profit | 2,054,996 | 1,942,049 | 2,718,478 |
| Adjusted for: | | | |
| Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments | (28,894) | 145,650 | (5,400) |
| Share of (gains) of investments accounted for using equity method | (92,698) | (24,329) | (42,881) |
| Finance income | (45,678) | (38,235) | (40,352) |
| Finance costs | 111,506 | 49,011 | 60,731 |
| Other (gains) except for (gains)/losses related to fair value change, disposal and remeasurement of investments and subsidiaries | (472,408) | (613,445) | (1,005,131) |
| Amortization of software and others | 75,060 | 131,037 | 93,615 |
| Depreciation on property, plant and equipment | 1,073,515 | 693,563 | 831,195 |
| Adjusted EBITDA | 2,675,399 | 2,285,301 | 2,610,255 |

(1) Represents gains from fair value changes on investments, including (i) fair value changes on other financial investments 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 RMB19.7 billion and short-term treasury investments of RMB33.7 billion as of September 30, 2020.

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

| | Unaudited Three Months Ended September 30, 2020 |
|---|--|
| | <i>(RMB in thousands)</i> |
| Net cash generated from operating activities | 3,298,449 |
| Net cash used in investing activities | (1,804,606) |
| Net cash generated from financing activities | 4,563,355 |
| Net increase in cash and cash equivalents | 6,057,198 |
| Cash and cash equivalents at the beginning of the period | 13,935,056 |
| Exchange loss on cash and cash equivalents | (302,653) |
| Cash and cash equivalents at the end of the period | 19,689,601 |

Net Cash Generated from Operating Activities

Net cash generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily consisted of our profit for the third quarter of 2020, as adjusted by non-cash items and changes in working capital.

For the third quarter of 2020, net cash generated from operating activities was RMB3.3 billion, which was primarily attributable to our profit before income tax of RMB6.8 billion, as adjusted by fair value changes on other financial investments at fair value through profit or loss of RMB5.8 billion, partially offset by depreciation and amortization of RMB1.3 billion and share-based payments of RMB838.7 million.

Net Cash Used in Investing Activities

For the third quarter of 2020, net cash used in investing activities was RMB1.8 billion, which was mainly attributable to purchase of property, plant and equipment of RMB5.0 billion, acquisition of other financial investments at fair value through profit or loss of RMB4.1 billion and acquisition of investments accounted for using the equity method of RMB2.1 billion, partially offset by net cash generated from treasury investments of RMB9.7 billion.

Net Cash Generated from Financing Activities

For the third quarter of 2020, net cash generated from financing activities was RMB4.6 billion, which was mainly attributable to borrowings of RMB5.6 billion, partially offset by repayments of borrowings of RMB727.0 million and lease payments of RMB253.5 million.

Gearing ratio

As of September 30, 2020, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was approximately 8%.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

| | Unaudited | | |
|--|---------------------------|---------------|--------------|
| | Three months ended | | |
| | September 30, | September 30, | June 30, |
| | 2020 | 2019 | 2020 |
| | <i>(RMB in thousands)</i> | | |
| Revenues | | | |
| Commission | 23,128,278 | 18,573,968 | 15,911,364 |
| Online marketing services | 5,659,942 | 4,409,272 | 4,323,011 |
| Interest revenue | 218,687 | 227,800 | 201,730 |
| Other services and sales | 6,394,375 | 4,282,589 | 4,285,732 |
| | 35,401,282 | 27,493,629 | 24,721,837 |
| Cost of revenues | (24,578,273) | (17,901,345) | (16,146,879) |
| Gross profit | 10,823,009 | 9,592,284 | 8,574,958 |
| Selling and marketing expenses | (5,835,574) | (5,614,750) | (4,172,332) |
| Research and development expenses | (2,970,120) | (2,137,349) | (2,376,737) |
| General and administrative expenses | (1,415,119) | (1,055,969) | (1,158,092) |
| Net provision for impairment losses on financial assets | (130,285) | (111,990) | (45,676) |
| Fair value changes on other financial investments at fair value through profit or loss | 5,779,364 | 163,615 | 346,689 |
| Other gains, net | 472,408 | 611,223 | 1,005,835 |
| Operating profit | 6,723,683 | 1,447,064 | 2,174,645 |
| Finance income | 45,678 | 38,235 | 40,352 |
| Finance costs | (111,506) | (49,011) | (60,731) |
| Share of gains of investments accounted for using equity method | 92,698 | 24,329 | 42,881 |
| Profit before income tax | 6,750,553 | 1,460,617 | 2,197,147 |
| Income tax (expenses)/credits | (429,552) | (127,235) | 13,034 |
| Profit for the period | 6,321,001 | 1,333,382 | 2,210,181 |
| Profit for the period attributable to: | | | |
| Equity holders of the Company | 6,321,603 | 1,335,202 | 2,209,747 |
| Non-controlling interests | (602) | (1,820) | 434 |
| | 6,321,001 | 1,333,382 | 2,210,181 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As of September 31, 2020 | Audited As of December 31, 2019 |
|---|---|--|
| <i>(RMB in thousands)</i> | | |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 12,923,539 | 5,376,217 |
| Intangible assets | 31,879,239 | 32,699,575 |
| Deferred tax assets | 537,191 | 590,054 |
| Long-term treasury investments | 1,866,843 | 200,275 |
| Other financial investments at fair value through profit or loss | 9,660,102 | 7,166,122 |
| Financial investments at fair value through other comprehensive income | 628,727 | – |
| Investments accounted for using the equity method | 12,515,471 | 2,283,590 |
| Prepayments, deposits and other assets | 1,906,719 | 1,562,037 |
| | 71,917,831 | 49,877,870 |
| Current assets | | |
| Inventories | 388,059 | 275,227 |
| Trade receivables | 928,258 | 676,762 |
| Prepayments, deposits and other assets | 12,398,248 | 9,591,157 |
| Short-term treasury investments | 33,702,049 | 49,435,599 |
| Restricted cash | 11,061,099 | 8,760,115 |
| Cash and cash equivalents | 19,689,601 | 13,396,185 |
| | 78,167,314 | 82,135,045 |
| Total assets | 150,085,145 | 132,012,915 |
| EQUITY | | |
| Share capital | 395 | 389 |
| Share premium | 262,785,549 | 260,359,929 |
| Shares held for shares award scheme | (1) | – |
| Other reserves | (5,195,836) | (4,447,252) |
| Accumulated losses | (156,847,607) | (163,800,621) |
| | 100,742,500 | 92,112,445 |
| Equity attributable to equity holders of the Company | 100,742,500 | 92,112,445 |
| Non-controlling interests | (59,161) | (58,051) |
| Total equity | 100,683,339 | 92,054,394 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | Unaudited As of September 31, 2020 | Audited As of December 31, 2019 |
|--|---|--|
| <i>(RMB in thousands)</i> | | |
| LIABILITIES | | |
| Non-current liabilities | | |
| Deferred tax liabilities | 1,577,299 | 1,388,469 |
| Financial liabilities at fair value through profit or loss | 85,950 | – |
| Deferred revenues | 222,267 | 389,028 |
| Borrowings | – | 466,676 |
| Lease liabilities | 1,193,778 | 992,233 |
| Other non-current liabilities | 209,430 | 129,552 |
| | 3,288,724 | 3,365,958 |
| Current liabilities | | |
| Trade payables | 9,649,311 | 6,766,253 |
| Payables to merchants | 7,586,545 | 7,495,262 |
| Advances from transacting users | 4,726,934 | 3,855,559 |
| Deposits from transacting users | 2,274,273 | 2,491,947 |
| Other payables and accruals | 8,418,840 | 7,237,412 |
| Borrowings | 7,864,604 | 3,552,587 |
| Deferred revenues | 4,690,817 | 4,567,171 |
| Lease liabilities | 817,605 | 534,566 |
| Income tax liabilities | 84,153 | 91,806 |
| | 46,113,082 | 36,592,563 |
| Total liabilities | 49,401,806 | 39,958,521 |
| Total equity and liabilities | 150,085,145 | 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 September 30, 2020.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Company's unaudited interim financial statements for the three months ended September 30, 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

On October 29, 2020, the Company issued US\$750 million in aggregate principal amount of 2.125% senior notes due October 2025 and US\$1.25 billion in aggregate principal amount of 3.05% senior notes due October 2030.

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 September 30, 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 September 30, 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
Wang Xing
Chairman

Hong Kong, November 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:

| 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 (美团) (formerly known as Meituan Dianping (美团点评)), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) 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 |
| “US\$” | U.S. dollar, the lawful currency of the United States |
| “%” | per cent |

GLOSSARY

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|-------------------------------------|---|
| “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 |