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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 AND SIX MONTHS ENDED JUNE 30, 2022

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 and six months ended June 30, 2022. These interim results have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

In this announcement, “we”, “us”, or “our” refers to the Company.

KEY HIGHLIGHTS

Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	June 30, 2022		June 30, 2021		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	50,938,363	100.0%	43,759,232	100.0%	16.4%
Operating loss	(492,838)	(1.0%)	(3,251,705)	(7.4%)	(84.8%)
Loss for the period	(1,116,027)	(2.2%)	(3,356,375)	(7.7%)	(66.7%)
Non-IFRS Measures:					
Adjusted EBITDA	3,802,741	7.5%	(1,239,986)	(2.8%)	NA
Adjusted net profit/(loss)	2,057,773	4.0%	(2,217,141)	(5.1%)	NA

**Unaudited
Six Months Ended**

	June 30, 2022		June 30, 2021		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	97,207,117	100.0%	80,775,494	100.0%	20.3%
Operating loss	(6,077,080)	(6.3%)	(8,018,712)	(9.9%)	(24.2%)
Loss for the period	(6,818,593)	(7.0%)	(8,202,637)	(10.2%)	(16.9%)
Non-IFRS Measures:					
Adjusted EBITDA	1,961,970	2.0%	(3,622,669)	(4.5%)	NA
Adjusted net loss	(1,528,479)	(1.6%)	(6,108,858)	(7.6%)	(75.0%)

Financial Information by Segment

Starting from this quarter, our chief operating decision makers (“CODMs”) started to review information under a new reporting structure, and segment reporting is updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. Our updated reportable segments comprise:

- Core local commerce, which mainly includes the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping (美团閃購), alternative accommodations and transportation ticketing; and
- New initiatives, which mainly includes Meituan Select (美团優選), Meituan Grocery (美团買菜), B2B food distribution (快驢), ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives.

Comparative figures were reclassified to conform to this presentation.

Unaudited Three Months Ended June 30, 2022

	Core local commerce	New initiatives	Unallocated items ¹	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	15,950,770	–	–	15,950,770
Commission	12,478,501	315,518	–	12,794,019
Online marketing services	7,295,796	20,891	–	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	–	14,876,887
Total revenues	36,779,243	14,159,120	–	50,938,363
Cost of revenues, operating expenses and unallocated items	(28,518,250)	(20,948,666)	(1,964,285)	(51,431,201)
Including: Delivery related costs	(17,181,440)	–	–	(17,181,440)
Operating (loss)/profit	8,260,993	(6,789,546)	(1,964,285)	(492,838)

Unaudited Three Months Ended June 30, 2021

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	13,861,207	–	–	13,861,207
Commission	12,170,487	418,123	–	12,588,610
Online marketing services	7,194,528	21,168	–	7,215,696
Other services and sales (including interest revenue)	468,840	9,624,879	–	10,093,719
Total revenues	33,695,062	10,064,170	–	43,759,232
Cost of revenues, operating expenses and unallocated items	(27,780,591)	(18,849,606)	(380,740)	(47,010,937)
Including: Delivery related costs	(16,395,387)	–	–	(16,395,387)
Operating (loss)/profit	5,914,471	(8,785,436)	(380,740)	(3,251,705)

¹ Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net and (v) certain corporate administrative expenses and other miscellaneous items. They are not allocated to individual segments.

	Year-over-year change			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	15.1	NA	NA	15.1
Commission	2.5	(24.5)	NA	1.6
Online marketing services	1.4	(1.3)	NA	1.4
Other services and sales (including interest revenue)	124.8	43.6	NA	47.4
Total revenues	9.2	40.7	NA	16.4
Cost of revenues, operating expenses and unallocated items	2.7	11.1	415.9	9.4
Including: Delivery related costs	4.8	NA	NA	4.8
Operating (loss)/profit	39.7	(22.7)	415.9	(84.8)

Unaudited Six Months Ended June 30, 2022

	Core local commerce	New initiatives	Unallocated items	Total
		<i>(RMB in thousands)</i>		
Revenues:				
Delivery services	30,183,979	-	-	30,183,979
Commission	24,427,225	665,677	-	25,092,902
Online marketing services	14,300,720	34,849	-	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	-	27,594,667
Total revenues	70,958,829	26,248,288	-	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Including: Delivery related costs	(35,416,474)	-	-	(35,416,474)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

Unaudited Six Months Ended June 30, 2021

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	26,719,916	–	–	26,719,916
Commission	21,918,674	807,958	–	22,726,632
Online marketing services	12,846,396	34,435	–	12,880,831
Other services and sales (including interest revenue)	957,841	17,490,274	–	18,448,115
Total revenues	62,442,827	18,332,667	–	80,775,494
Cost of revenues, operating expenses and unallocated items	(52,900,164)	(34,861,521)	(1,032,521)	(88,794,206)
Including: Delivery related costs	(32,707,764)	–	–	(32,707,764)
Operating (loss)/profit	9,542,663	(16,528,854)	(1,032,521)	(8,018,712)

Year-over-year change

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	13.0	NA	NA	13.0
Commission	11.4	(17.6)	NA	10.4
Online marketing services	11.3	1.2	NA	11.3
Other services and sales (including interest revenue)	113.7	46.1	NA	49.6
Total revenues	13.6	43.2	NA	20.3
Cost of revenues, operating expenses and unallocated items	9.6	19.0	268.1	16.3
Including: Delivery related costs	8.3	NA	NA	8.3
Operating (loss)/profit	35.9	(7.8)	268.1	(24.2)

Operating Metrics

	Twelve Months Ended		
	June 30, 2022	June 30, 2021	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	684.7	628.4	8.9%
Number of Active Merchants	9.2	7.7	18.5%
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	38.1	32.8	16.2%
	Three Months Ended		
	June 30, 2022	June 30, 2021	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of On-demand Delivery transactions ²	4,102.4	3,814.1	7.6%

² Number of On-demand Delivery transactions include number of transactions from food delivery and Meituan Instashopping businesses.

BUSINESS REVIEW

Reportable Segment Update

Starting from this quarter, our chief operating decision makers (“CODMs”) started to review information under a new reporting structure, and segment reporting is updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. The first segment is Core local commerce, which includes the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping (美团閃購), alternative accommodations and transportation ticketing. The second segment, New initiatives, includes Meituan Select (美团優選), Meituan Grocery (美团買菜), B2B food distribution (快驢), ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives. Food delivery and in-store, hotel & travel both have proven monetisation models, as well as industry-leading positions. Meituan Instashopping not only shares the user base and the existing on-demand delivery network of food delivery, but also has a clear path to profitability and similar unit economics model. Alternative accommodations and transportation ticketing are classified into hotel & travel as they belong to the same broader industry and have mature business models. On the other hand, all the businesses in New initiatives require iterations on business models and more resources. Our management will periodically review their developments, and dynamically adjust resource allocation and strategies.

Company Financial Highlights

During this quarter, our revenues increased by 16.4% to RMB50.9 billion from RMB43.8 billion for the same period of 2021. Our Core local commerce segment achieved an operating profit of RMB8.3 billion for the second quarter of 2022, up from RMB5.9 billion for the same period of 2021, while the operating loss for our New initiatives segment narrowed on both year-over-year and quarter-over-quarter basis to RMB6.8 billion for the second quarter of 2022. Adjusted EBITDA and adjusted net profit were RMB3.8 billion and RMB2.1 billion for this quarter, turning from loss positions to profit positions on both year-over-year and quarter-over-quarter basis. We held cash and cash equivalents of RMB25.5 billion and short-term treasury investments of RMB82.0 billion as of June 30, 2022.

Company Business Highlights

Core Local Commerce

In the second quarter of 2022, we achieved 9.2% revenue growth for the Core local commerce segment, despite negative impacts from the spread of Omicron. Operating profit increased by 39.7% year over year to RMB8.3 billion, and operating margin improved to 22.5%.

During the quarter, the total orders of our food delivery and Meituan Instashopping businesses increased by 7.6% year over year. Our food delivery business was negatively impacted by the pandemic and the control measures, especially in some tier-1 cities, which usually contribute higher percentages of the total food delivery order volume. Order volume was heavily affected in April and May but swiftly recovered in June as the pandemic became effectively under control. Our food delivery business was resilient in spite of external challenges, and our high-frequency users contributed even higher order volume during the quarter. People recognised food delivery as an important source to get food. In Omicron-affected regions, we did our best to fulfill consumer needs, and launched multiple measures to ensure supply and delivery capacity. For example, we launched the community group meals and emergency helper services in Shanghai, and increased our delivery capacity and ensured cross-city deliveries for consumers in Beijing. On the merchant side, we rapidly onboarded many fine dining and high-end restaurants and helped them launch food delivery services on Meituan. In Shanghai, we launched our first “Must-Order” list in June, allowing consumers to enjoy high-quality food at home, while helping restaurants increase food delivery order volume. Going forward, we will launch “Must-Order” lists in more key cities nationwide. When dine-ins were restricted, food delivery became an important revenue driver for restaurant merchants and helped them recover after the pandemic subsided. We also continued to provide support measures, offering commission discounts to small- and medium-sized merchants who have experienced difficulties in business operations due to the pandemic, and assisting them with online operations. Moreover, we collaborated with certain restaurants to register their employees as couriers, which effectively stabilised their personal income while supplementing our delivery capacity during the pandemic. All these measures showcased our strong organisational and execution capabilities, and further helped accelerate the digital transformation of the traditional offline restaurant industry.

Meituan Instashopping continued its rapid growth trajectory, with daily average orders reaching 4.3 million in the second quarter of 2022. Growths in user base and transaction frequency led to a notable increase in the order volume. During the quarter, the spread of Omicron catalysed an increase in consumer reliance on on-demand delivery, especially in case of imminence control measures when consumers have to quickly stock up groceries and daily necessities from local stores at short notice. Average ticket size increased as a result of this surging demand, and led to improvement in the unit economics. We continued to onboard more merchants across different categories, and acutely captured the emerging consumption trends to offer more diverse selections to our consumers. Leveraging our strong and flexible delivery network, we effectively met the increasing demand of consumers, and on-demand retail has become a new form of online shopping. During the quarter, we worked with well-known brands to launch shopping festivals and marketing campaigns, through which we not only deepened the merchant penetration and our collaborations, but also helped stimulate local consumption recovery. In addition, we introduced more Meituan InstaStore (美团閃電倉) into our supply, launched city-wide pharmacy services, and extended delivery distance for medicines. All these measures successfully enhanced consumer mindshare on Meituan Instashopping that delivers everything to their doorsteps.

The in-store, hotel & travel business was heavily impacted by the COVID resurgence, with revenues decreasing meaningfully in the second quarter of 2022. During April and May, offline operations of many merchants were significantly affected by the spread of Omicron in many mid- and high-tier cities, including Shanghai and Beijing. Nevertheless, our business began to recover in June, as control measures were relaxed, and we supported local governments to distribute consumption vouchers to further stimulate economic recovery.

For in-store dining, as offline operations were largely impacted in Shanghai, Beijing and many other cities, we were dedicated to help restaurant merchants withstand the difficulties. We offered discounted online marketing services to temporarily closed restaurants, introduced food delivery options and self-pickup services to merchants, including many fine-dining restaurants, and launched themed promotions to boost consumption recovery. We also took this opportunity to expand and refine our own products and services, facilitate the growth of light meals, and help accelerate the digital transformation of the overall industry.

For other in-store services, although group activities and gathering events were negatively affected, consumption trend evolved dynamically and new consumption categories emerged. For example, as outdoor activities became more popular, we promptly adjusted our platform's offerings and services to cope with the new trend, allowing consumers to efficiently find the products and services needed when browsing on our platform. Fitness, pets and life services also maintained strong growth during the quarter. We are confident on the post-pandemic recovery of local services and the consumption growth. Our strong brand awareness among both consumers and merchants, our unparalleled execution capability, and our deep industry insights will render us growth potential in the long run.

For hotel & travel, the spread of Omicron and strict control measures in April and May caused sharp decline in travel activities, and our domestic room nights experienced notable decrease before a gradual recovery in June. High-star hotels were more heavily impacted than low-star hotels, yet we continued to optimise supply, improve service qualities and upgrade packaged deals in the high-star domain. For alternative accommodations, we onboarded more supplies from Airbnb after their announcement to exit the China domestic market, and we guided the hosts through a smooth transition on our platform.

New Initiatives

In the second quarter of 2022, revenues from the New initiatives segment increased 40.7% year over year to RMB14.2 billion, mainly driven by growths from the goods retail businesses. Operating loss narrowed on the sequential basis to RMB6.8 billion, while operating margin improved to negative 48.0%, primarily attributable to improvement in operating efficiency from the goods retail businesses.

For Meituan Select, we continued to focus on high-quality growth and operating efficiency improvement. We partnered with more brands and further expanded our product selections to provide consumers with more high-quality and value-for-money products. Through these partnerships, we also helped evoke some traditional local brands to innovate and launch their products online so that they can reach a broader consumer base. Moreover, we enhanced our direct sourcing, centralised procurement, and sorting solutions to improve supply chain efficiency, and we further optimised our cold-chain logistics across the entire supply chain to ensure stable offerings of frozen products during summer. In the regions that were impacted by the COVID resurgence and extreme weather conditions, such as Shanghai, Jilin, and Guangdong, we actively supported local governments to ensure sufficient supplies of necessities for consumers and fulfilled our social responsibilities.

For Meituan Grocery, both quarterly Transacting Users and order volume broke records in the second quarter of 2022. We are proud that Meituan Grocery played an important role to ensure supplies of daily necessities for consumers during the COVID resurgence. We responded to the pandemic in Shanghai by quickly locking in sufficient product supply from major suppliers, increasing volume of direct sourcing, and preparing in advance on alternative suppliers. We also accumulated know-hows from our operational experience in Shanghai and quickly launched similar models in Beijing when the city was under strict control measures. We supported Shanghai government with the resumption of work and productions after the COVID situation became under control. Looking forward, we will continue to optimise supply and fulfillment and strive to bring better experience to consumers.

Although the pandemic has brought short-term difficulties, we are confident that as it becomes under control, local consumption will recover and our Core local commerce segment will resume its normal growth trajectory. Leveraging our strong on-demand delivery network, we will continue to provide meals, groceries, necessities, and medicines for consumers. We will also cope with the evolving consumer demand on local goods and services and further strengthen consumer mindshare. Meanwhile, we will assist local merchants to recover, especially those small- and medium-sized merchants, through better products and solutions that can effectively help them improve operating efficiency. Our investment in New initiatives, especially the goods retail businesses, also allows us to reach broader consumers and bring more convenience to people's lives. We will continue to execute our strategy of "Retail + Technology" while providing more diverse, value-for-money goods and services. We are fully committed to accelerating the digital transformation of the retail industry and creating more value for our society.

MANAGEMENT DISCUSSION AND ANALYSIS

The Second Quarter of 2022 Compared to the Second Quarter of 2021

The following table sets forth the comparative figures for the second quarter of 2022 and 2021:

	Unaudited	
	Three Months Ended	
	June 30,	June 30,
	2022	2021
	<i>(RMB in thousands)</i>	
Revenues	50,938,363	43,759,232
Including: Interest revenue	303,317	341,468
Cost of revenues	(35,363,935)	(31,245,861)
Gross profit	15,574,428	12,513,371
Selling and marketing expenses	(8,986,036)	(10,848,627)
Research and development expenses	(5,203,533)	(3,900,794)
General and administrative expenses	(2,503,552)	(2,053,024)
Net provisions for impairment losses on financial and contract assets	(50,437)	(104,355)
Fair value changes of other financial investments at fair value through profit or loss	(292,183)	164,748
Other gains, net	968,475	976,976
Operating loss	(492,838)	(3,251,705)
Finance income	190,412	112,118
Finance costs	(418,612)	(263,269)
Share of (losses)/gains of investments accounted for using the equity method	(400,052)	38,251
Loss before income tax	(1,121,090)	(3,364,605)
Income tax credits	5,063	8,230
Loss for the period	(1,116,027)	(3,356,375)
Non-IFRS measures:		
Adjusted EBITDA	3,802,741	(1,239,986)
Adjusted net profit/(loss)	2,057,773	(2,217,141)

Revenues

Our revenues increased by 16.4% to RMB50.9 billion for the second quarter of 2022 from RMB43.8 billion for the same period of 2021. The increase was mainly driven by the steady revenue growth of our Core local commerce segment and the strong revenue growth of our New initiatives segment, especially the goods retail businesses.

The following table sets forth our revenues by segment and type in absolute amount for the second quarter of 2022 and 2021:

	Unaudited Three Months Ended June 30, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	15,950,770	–	15,950,770
Commission	12,478,501	315,518	12,794,019
Online marketing services	7,295,796	20,891	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	14,876,887
Total	36,779,243	14,159,120	50,938,363
	Unaudited Three Months Ended June 30, 2021		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	13,861,207	–	13,861,207
Commission	12,170,487	418,123	12,588,610
Online marketing services	7,194,528	21,168	7,215,696
Other services and sales (including interest revenue)	468,840	9,624,879	10,093,719
Total	33,695,062	10,064,170	43,759,232

Our revenues from the Core local commerce segment increased by 9.2% to RMB36.8 billion for the second quarter of 2022 from RMB33.7 billion for the same period of 2021. The growth in delivery services revenue on a year-over-year basis was mainly driven by the increase in the number of transactions and the efficient Transacting Users incentives strategy resulting in the decreased amount of revenue deduction in our food delivery and Meituan Instashopping businesses. The increase in commission revenue on a year-over-year basis was primarily attributable to the increase in the number of transactions and the average order value in our food delivery and Meituan Instashopping businesses, partially offset by decreased GTV from our in-store, hotel & travel businesses due to the negative impacts of Omicron spread in this quarter. The increase in online marketing services revenue on a year-over-year basis was mainly attributable to the increase in the number of quarterly online marketing Active Merchants, partially offset by the decrease in average online marketing spending of our in-store services Active Merchants as a result of Omicron spread.

Our revenues from the New initiatives segment increased by 40.7% to RMB14.2 billion for the second quarter of 2022 from RMB10.1 billion for the same period of 2021, mainly due to the development of our goods retail businesses.

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			
	June 30, 2022		June 30, 2021	
	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	35,363,935	69.4%	31,245,861	71.4%
Selling and marketing expenses	8,986,036	17.6%	10,848,627	24.8%
Research and development expenses	5,203,533	10.2%	3,900,794	8.9%
General and administrative expenses	2,503,552	4.9%	2,053,024	4.7%
Net provisions for impairment losses on financial and contract assets	50,437	0.1%	104,355	0.2%

Cost of Revenues

Our cost of revenues increased by 13.2% to RMB35.4 billion for the second quarter of 2022 from RMB31.2 billion for the same period of 2021, and decreased by 2.0 percentage points to 69.4% from 71.4% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to the expanded investment in our goods retail businesses and an increase in delivery related costs which was in line with the increase in the number of transactions of food delivery and Meituan Instashopping businesses. The decrease in cost of revenues as a percentage of revenues was mainly due to the improved gross margin of our food delivery, Meituan Instashopping and goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB9.0 billion for the second quarter of 2022 and RMB10.8 billion for the same period of 2021, and decreased by 7.2 percentage points to 17.6% from 24.8% as a percentage of revenues on a year-over-year basis. Both the decreases in amount and as a percentage of revenues were primarily attributable to the restrained Transacting User incentives and other marketing expenses across various businesses.

Research and Development Expenses

Our research and development expenses increased to RMB5.2 billion for the second quarter of 2022 from RMB3.9 billion for the same period of 2021, and increased by 1.3 percentage points to 10.2% from 8.9% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were mainly attributable to the increase in employee benefits expenses.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.5 billion for the second quarter of 2022 from RMB2.1 billion for the same period of 2021, and increased by 0.2 percentage points to 4.9% from 4.7% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were mainly attributable to the increase in employee benefits expenses.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB50.4 million for the second quarter of 2022 from RMB104.4 million for the same period of 2021, which reflected the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss was a loss of RMB292.2 million for the second quarter of 2022, compared to a gain of RMB164.7 million for the same period of 2021. The loss for this quarter was mainly driven by the fluctuation in the fair value of our investment portfolio.

Other Gains, Net

Our other gains, net for the second quarter of 2022 decreased by 0.9%, or RMB8.5 million, to RMB968.5 million compared to RMB977.0 million for the same period of 2021.

Operating Loss

As a result of the foregoing, our operating loss and margin for the second quarter of 2022 was RMB492.8 million and negative 1.0% respectively, compared to operating loss and margin of RMB3.3 billion and negative 7.4% for the same period of 2021.

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

	Unaudited			
	Three Months Ended			
	June 30, 2022		June 30, 2021	
	As a		As a	
	percentage		percentage	
Amount	of revenues	Amount	of revenues	
<i>(RMB in thousands, except for percentages)</i>				
Core local commerce	8,260,993	22.5%	5,914,471	17.6%
New initiatives	(6,789,546)	(48.0%)	(8,785,436)	(87.3%)
Unallocated items	(1,964,285)	NA	(380,740)	NA
Total operating loss	<u>(492,838)</u>	(1.0%)	<u>(3,251,705)</u>	(7.4%)

Our operating profit from the Core local commerce segment increased by 39.7% to RMB8.3 billion for the second quarter of 2022 from RMB5.9 billion for the same period of 2021 and the operating margin increased by 4.9 percentage points to 22.5% from 17.6% on a year-over-year basis. Both the increases in operating profit and operating margin were mainly attributable to our reduction in Transacting User incentives and other marketing expenses as a result of Omicron spread, and the increases in the number of transactions and the average order value of our food delivery and Meituan Instashopping businesses, which resulted in higher gross profit and margin. The operating profit margin of the in-store, hotel & travel businesses also had a slight increase due to our focus on cost and expense control as well as operating efficiency.

Our operating loss from the New initiatives segment decreased to RMB6.8 billion for the second quarter of 2022 from RMB8.8 billion for the same period of 2021, and the operating margin for this segment improved by 39.3 percentage points to negative 48.0% from negative 87.3% on a year-over-year basis. Both the improvements of operating loss and operating margin were primarily attributable to the continued narrowing of operating loss of our goods retail businesses resulting from the improved operating efficiency.

Share of (losses)/gains of investments accounted for using the equity method

Our share of (losses)/gains of investments accounted for using the equity method was a loss of RMB400.1 million for the second quarter of 2022, compared to a gain of RMB38.3 million for the same period of 2021. The loss for this quarter was primarily due to the share of losses of our certain equity investee.

Income Tax Credits

We had income tax credits of RMB5.1 million for the second quarter of 2022, compared to income tax credits of RMB8.2 million for the same period of 2021.

Loss for the Period

As a result of the foregoing, we had loss of RMB1.1 billion for the second quarter of 2022, compared to loss of RMB3.4 billion for the same period of 2021.

The Second Quarter of 2022 Compared to the First Quarter of 2022

The following table sets forth the comparative figures for the second quarter of 2022 and the first quarter of 2022:

	Unaudited	
	Three Months Ended	
	June 30,	March 31,
	2022	2022
	<i>(RMB in thousands)</i>	
Revenues	50,938,363	46,268,754
Including: Interest revenue	303,317	223,293
Cost of revenues	(35,363,935)	(35,528,467)
Gross profit	15,574,428	10,740,287
Selling and marketing expenses	(8,986,036)	(9,105,728)
Research and development expenses	(5,203,533)	(4,879,033)
General and administrative expenses	(2,503,552)	(2,312,289)
Net provisions for impairment losses on financial and contract assets	(50,437)	(153,316)
Fair value changes of other financial investments at fair value through profit or loss	(292,183)	(802,894)
Other gains, net	968,475	928,731
Operating loss	(492,838)	(5,584,242)
Finance income	190,412	110,359
Finance costs	(418,612)	(330,317)
Share of (losses)/gains of investments accounted for using the equity method	(400,052)	46,411
Loss before income tax	(1,121,090)	(5,757,789)
Income tax credits	5,063	55,223
Loss for the period	(1,116,027)	(5,702,566)
Non-IFRS measures:		
Adjusted EBITDA	3,802,741	(1,840,771)
Adjusted net profit/(loss)	2,057,773	(3,586,252)

Revenues

Our revenues increased by 10.1% to RMB50.9 billion for the second quarter of 2022 from RMB46.3 billion for the first quarter of 2022. The increase was primarily due to the steady increase in our Core local commerce segment and New initiatives segment in this quarter.

The following table sets forth our revenues by segment and type in absolute amount for the second quarter of 2022 and the first quarter of 2022:

	Unaudited Three Months Ended June 30, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	15,950,770	–	15,950,770
Commission	12,478,501	315,518	12,794,019
Online marketing services	7,295,796	20,891	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	14,876,887
Total	36,779,243	14,159,120	50,938,363

	Unaudited Three Months Ended March 31, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	14,233,209	–	14,233,209
Commission	11,948,724	350,159	12,298,883
Online marketing services	7,004,924	13,958	7,018,882
Other services and sales (including interest revenue)	992,729	11,725,051	12,717,780
Total	34,179,586	12,089,168	46,268,754

Our revenues from the Core local commerce segment increased by 7.6% to RMB36.8 billion for the second quarter of 2022 from RMB34.2 billion for the first quarter of 2022. The increase in delivery services revenue on a quarter-over-quarter basis was primarily attributable to the increase in the number of transactions of our food delivery and Meituan Instashopping businesses. The increase in commission revenue on a quarter-over-quarter basis was mainly due to the increase in the number of transaction of our food delivery and Meituan Instashopping businesses, partially offset by the decreased GTV from our in-store, hotel & travel businesses due to the negative impacts of Omicron spread in this quarter. For the online marketing services revenue, the increase on a quarter-over-quarter basis was mainly attributable to the increased average revenue and the number of quarterly online marketing Active Merchants due to the seasonality for our food delivery and Meituan Instashopping businesses, partially offset by the decreased online marketing services revenue from our in-store services business due to the Omicron spread.

Our revenues from the New initiatives segment increased by 17.1% to RMB14.2 billion for the second quarter of 2022 from RMB12.1 billion for the first quarter of 2022, mainly due to rapid revenue growth in our goods retail businesses due to consumers' growing demands to stock up groceries during the Omicron spread.

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			
	June 30, 2022		March 31, 2022	
	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	35,363,935	69.4%	35,528,467	76.8%
Selling and marketing expenses	8,986,036	17.6%	9,105,728	19.7%
Research and development expenses	5,203,533	10.2%	4,879,033	10.5%
General and administrative expenses	2,503,552	4.9%	2,312,289	5.0%
Net provisions for impairment losses on financial and contract assets	50,437	0.1%	153,316	0.3%

Cost of Revenues

Our cost of revenues decreased by 0.5% to RMB35.4 billion for the second quarter of 2022 from RMB35.5 billion for the first quarter of 2022, and decreased by 7.4 percentage points to 69.4% from 76.8% as a percentage of revenues. The decrease in amount was primarily attributable to decreased delivery related costs resulted from lower delivery cost per order due to seasonality, partially offset by increased cost of inventories sold from our goods retail businesses in line with their revenues growth. The decrease in cost of revenues as a percentage of revenues was mainly due to the reduction of seasonal couriers' incentives which improved gross margin of our food delivery and Meituan Instashopping businesses.

Selling and Marketing Expenses

Our selling and marketing expenses decreased to RMB9.0 billion for the second quarter of 2022 from RMB9.1 billion for the first quarter of 2022, and decreased by 2.1 percentage points to 17.6% from 19.7% as a percentage of revenues on a quarter-over-quarter basis. Both the decreases in amount and as a percentage of revenues were attributable to the restrained promotion and advertising expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.2 billion for the second quarter of 2022 from RMB4.9 billion for the first quarter of 2022, and decreased by 0.3 percentage points to 10.2% from 10.5% as a percentage of revenues. The increase in amount was primarily driven by the increase in employee benefits expenses, while the decrease as a percentage of revenues was attributable to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.5 billion for the second quarter of 2022 from RMB2.3 billion for the first quarter of 2022, and was 4.9% as a percentage of revenues for the second quarter of 2022, flat on a quarter-over-quarter basis.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB50.4 million for the second quarter of 2022 from RMB153.3 million for the first quarter of 2022, reflecting the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss was a loss of RMB292.2 million for the second quarter of 2022, compared to a loss of RMB802.9 million for the first quarter of 2022. The change of loss amount on a quarter-over-quarter basis was mainly driven by the fluctuation in the fair value of our investment portfolio.

Other Gains, Net

Our other gains, net for the second quarter of 2022 increased by RMB39.7 million to RMB968.5 million compared to the first quarter of 2022, which was mainly attributable to the increased foreign exchange gains resulted from depreciation of Renminbi against U.S. dollar.

Operating Loss

As a result of the foregoing, our operating loss and margin for the second quarter of 2022 was RMB492.8 million and negative 1.0% respectively, compared to operating loss and margin of RMB5.6 billion and negative 12.1% for the first quarter of 2022.

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

	Unaudited Three Months Ended			
	June 30, 2022		March 31, 2022	
	As a percentage of revenues	As a percentage of revenues		
	Amount	Amount	Amount	Amount
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	8,260,993	22.5%	4,705,141	13.8%
New initiatives	(6,789,546)	(48.0%)	(8,453,284)	(69.9%)
Unallocated items	(1,964,285)	NA	(1,836,099)	NA
Total operating loss	<u>(492,838)</u>	<u>(1.0%)</u>	<u>(5,584,242)</u>	<u>(12.1%)</u>

Our operating profit from the Core local commerce segment increased to RMB8.3 billion for the second quarter of 2022 from RMB4.7 billion for the first quarter of 2022. The operating margin for this segment increased by 8.7 percentage points to 22.5% from 13.8% on a quarter-over-quarter basis. The increase in operating profit was mainly attributable to improved gross profit of food delivery and Meituan Instashopping businesses, partially offset by the decreased operating profit of in-store, hotel & travel businesses due to the negative impacts from Omicron spread. The increase in operating margin was mainly attributable to the improved gross margin of our food delivery and Meituan Instashopping businesses as a result of lower delivery cost per order due to seasonality and our improved operating efficiency resulting from cost and expense control for our in-store, hotel & travel businesses.

Our operating loss from the New initiatives segment decreased to RMB6.8 billion for the second quarter of 2022 from RMB8.5 billion for the first quarter of 2022, and the operating margin for this segment improved by 21.9 percentage points to negative 48.0% from negative 69.9% on a quarter-over-quarter basis. The decrease in operating loss was mainly attributable to the improved gross profit of our goods retail businesses and effective cost and expense control in other new initiatives. The increase in operating margin was mainly attributable to the continued improvement of operating efficiency in our goods retail businesses.

Share of (losses)/gains of investments accounted for using the equity method

Our share of (losses)/gains of investments accounted for using the equity method was a loss of RMB400.1 million for the second quarter of 2022, compared to a gain of RMB46.4 million for the first quarter of 2022. The loss for this quarter was primarily due to the share of losses of our certain equity investee.

Income Tax Credits

We had income tax credits of RMB5.1 million for the second quarter of 2022, compared to RMB55.2 million for the first quarter of 2022, which was primarily due to the decreased deferred income tax credits arising from fair value loss of certain investments.

Loss for the Period

As a result of the foregoing, we had loss of RMB1.1 billion for the second quarter of 2022, compared to loss of RMB5.7 billion for the first quarter of 2022.

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 or one-off 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 form, or as a substitute for analysis of our results of operations as reported under IFRS. In addition, these non-IFRS measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS measures for the three months ended June 30, 2022 and 2021, the three months ended March 31, 2022, and the six months ended June 30, 2022 and 2021 to the nearest measures prepared in accordance with IFRS.

**Unaudited
Three Months Ended**

	June 30, 2022	June 30, 2021	March 31, 2022
	<i>(RMB in thousands)</i>		
Loss for the period	(1,116,027)	(3,356,375)	(5,702,566)
Adjusted for:			
Share-based compensation expenses	2,357,747	1,140,658	1,618,334
Net losses/(gains) from investments (Note i)	541,795	(151,949)	575,657
Impairment and expense provision/(reversal)	239,590	(97)	–
Amortisation of intangible assets resulting from acquisitions	117,940	125,637	117,680
Tax effects on non-IFRS adjustments	(83,272)	24,985	(195,357)
Adjusted net profit/(loss)	2,057,773	(2,217,141)	(3,586,252)
Adjusted for:			
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	78,209	(33,215)	140,134
Share of losses/(gains) of investments accounted for using the equity method not adjusted for adjusted net profit/(loss)	37,989	(38,251)	26,926
Finance income	(190,412)	(112,118)	(110,359)
Finance costs	418,612	263,269	330,317
Other gains, net not adjusted for adjusted net profit/(loss)	(856,024)	(989,775)	(774,831)
Amortisation of software and others	16,920	76,215	14,354
Depreciation on property, plant and equipment	2,239,674	1,811,030	2,118,940
Adjusted EBITDA	3,802,741	(1,239,986)	(1,840,771)

- (i) Net losses/(gains) from investments mainly include fair value changes related to investees, gains or losses on disposal of investees or subsidiaries and certain share of gains or losses of investments accounted for using the equity method.

	Unaudited	
	Six Months Ended	
	June 30,	June 30,
	2022	2021
	<i>(RMB in thousands)</i>	
Loss for the period	(6,818,593)	(8,202,637)
Adjusted for:		
Share-based compensation expenses	3,976,081	2,078,560
Net losses/(gains) from investments	1,117,452	(194,732)
Impairment and expense provision/(reversal)	239,590	(56,832)
Amortisation of intangible assets resulting from acquisitions	235,620	251,274
Tax effects on non-IFRS adjustments	(278,629)	15,509
Adjusted net loss	(1,528,479)	(6,108,858)
Adjusted for:		
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	218,343	(34,694)
Share of losses/(gains) of investments accounted for using the equity method not adjusted for adjusted net loss	64,915	(36,238)
Finance income	(300,771)	(189,973)
Finance costs	748,929	429,321
Other gains, net not adjusted for adjusted net loss	(1,630,855)	(1,367,144)
Amortisation of software and others	31,274	152,818
Depreciation on property, plant and equipment	4,358,614	3,532,099
Adjusted EBITDA	1,961,970	(3,622,669)

Liquidity and Capital Resources

Historically, our demand for cash was principally funded by capital contribution from Shareholders and financing through issuance and sale of equity and debt securities. We held cash and cash equivalents of RMB25.5 billion and short-term treasury investments of RMB82.0 billion as of June 30, 2022.

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

	Unaudited Three Months Ended June 30, 2022	Unaudited Six Months Ended June 30, 2022
	<i>(RMB in thousands)</i>	
Net cash flows generated from/(used in) operating activities	9,233,028	(2,044,865)
Net cash flows used in investing activities	(18,832,154)	(7,446,679)
Net cash flows (used in)/generated from financing activities	(778,803)	2,058,056
Net decrease in cash and cash equivalents	(10,377,929)	(7,433,488)
Cash and cash equivalents at the beginning of the period	35,405,971	32,513,428
Exchange gains on cash and cash equivalents	508,964	457,066
Cash and cash equivalents at the end of the period	25,537,006	25,537,006

Net Cash Flows Generated from Operating Activities

Net cash flows 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 loss for the period, as adjusted by non-cash items and changes in working capital.

For the second quarter of 2022, net cash flows generated from operating activities was RMB9.2 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortisation and share-based compensation expenses, partially offset by fair value changes and gains related to treasury investments, and (ii) the changes in working capital, which primarily consisted of certain increased current liabilities in line with the business development.

Net Cash Flows Used in Investing Activities

For the second quarter of 2022, net cash flows used in investing activities was RMB18.8 billion, which was mainly attributable to net cash flows used in treasury investments, purchase of property, plant and equipment and investments in some entities.

Net Cash Flows Used in Financing Activities

For the second quarter of 2022, net cash flows used in financing activities was RMB778.8 million, which was mainly attributable to the payments of lease liabilities.

Gearing Ratio

As of June 30, 2022, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 49%.

FINANCIAL INFORMATION

INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Three Months Ended		Unaudited Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>(RMB in thousands)</i>					
Revenues	3	50,938,363	43,759,232	97,207,117	80,775,494
Including: Interest revenue		303,317	341,468	526,610	516,790
Cost of revenues	4	(35,363,935)	(31,245,861)	(70,892,402)	(61,061,956)
Gross profit		15,574,428	12,513,371	26,314,715	19,713,538
Selling and marketing expenses	4	(8,986,036)	(10,848,627)	(18,091,764)	(18,055,035)
Research and development expenses	4	(5,203,533)	(3,900,794)	(10,082,566)	(7,378,084)
General and administrative expenses	4	(2,503,552)	(2,053,024)	(4,815,841)	(3,790,427)
Net provisions for impairment losses on financial and contract assets		(50,437)	(104,355)	(203,753)	(70,580)
Fair value changes of other financial investments at fair value through profit or loss		(292,183)	164,748	(1,095,077)	206,782
Other gains, net	5	968,475	976,976	1,897,206	1,355,094
Operating loss	3	(492,838)	(3,251,705)	(6,077,080)	(8,018,712)
Finance income		190,412	112,118	300,771	189,973
Finance costs		(418,612)	(263,269)	(748,929)	(429,321)
Share of (losses)/gains of investments accounted for using the equity method		(400,052)	38,251	(353,641)	36,238
Loss before income tax		(1,121,090)	(3,364,605)	(6,878,879)	(8,221,822)
Income tax credits	7	5,063	8,230	60,286	19,185
Loss for the period		(1,116,027)	(3,356,375)	(6,818,593)	(8,202,637)
(Loss)/profit for the period attributable to:					
Equity holders of the Company		(1,116,519)	(3,357,323)	(6,819,008)	(8,204,606)
Non-controlling interests		492	948	415	1,969
		(1,116,027)	(3,356,375)	(6,818,593)	(8,202,637)
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Loss per share for loss for the period attributable to the equity holders of the Company	6				
Basic loss per share		(0.18)	(0.56)	(1.11)	(1.38)
Diluted loss per share		(0.18)	(0.56)	(1.11)	(1.38)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three Months Ended		Unaudited Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	<i>(RMB in thousands)</i>			
Other comprehensive income/(loss):				
<i>Items that may be reclassified to profit or loss</i>				
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(76)	1,407	2,609	685
Fair value changes of debt instruments at fair value through other comprehensive income	(44,239)	19,356	(182,274)	23,858
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	30,729	56,327	63,705	56,392
<i>Items that will not be reclassified to profit or loss</i>				
Currency translation differences	800,371	(1,235,891)	630,763	(1,085,847)
Share of other comprehensive income of investments accounted for using the equity method	122,404	19,681	60,968	13,068
Fair value changes of other financial investments at fair value through other comprehensive income	147,570	(135,566)	70,564	(9,548)
Other comprehensive income/(loss) for the period, net of tax	1,056,759	(1,274,686)	646,335	(1,001,392)
Total comprehensive loss for the period	(59,268)	(4,631,061)	(6,172,258)	(9,204,029)
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company	(59,760)	(4,632,009)	(6,172,673)	(9,205,998)
Non-controlling interests	492	948	415	1,969
	(59,268)	(4,631,061)	(6,172,258)	(9,204,029)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As of June 30, 2022	Audited As of December 31, 2021
<i>(RMB in thousands)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment		23,192,260	22,814,246
Intangible assets		30,874,011	31,048,814
Deferred tax assets		1,218,371	1,378,468
Long-term treasury investments		12,005,926	4,010,442
Other financial investments at fair value through profit or loss		13,748,544	14,299,857
Investments accounted for using the equity method		15,306,458	13,868,788
Other financial investments at fair value through other comprehensive income		2,825,356	2,022,705
Prepayments, deposits and other assets		3,479,580	3,381,272
		102,650,506	92,824,592
Current assets			
Inventories		885,678	681,693
Trade receivables	8	2,264,161	1,793,035
Prepayments, deposits and other assets		16,434,690	15,281,586
Short-term treasury investments		82,002,121	84,282,016
Restricted cash		13,252,364	13,276,919
Cash and cash equivalents		25,537,006	32,513,428
		140,376,020	147,828,677
Total assets		243,026,526	240,653,269
EQUITY			
Share capital		415	411
Share premium		314,887,240	311,221,237
Shares held for shares award scheme		(1)	–
Other reserves		(1,706,027)	(2,866,675)
Accumulated losses		(189,560,539)	(182,741,531)
Equity attributable to equity holders of the Company		123,621,088	125,613,442
Non-controlling interests		(56,265)	(56,680)
Total equity		123,564,823	125,556,762

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As of June 30, 2022	Audited As of December 31, 2021
Note			
<i>(RMB in thousands)</i>			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		774,309	895,691
Borrowings		17,472,962	12,219,667
Notes payable		32,183,012	30,383,378
Lease liabilities		2,823,276	2,994,226
Other non-current liabilities		64,042	10,588
		53,317,601	46,503,550
Current liabilities			
Trade payables	9	13,862,818	15,165,619
Payables to merchants		10,886,742	10,950,920
Advances from transacting users		5,172,867	5,171,054
Other payables and accruals		18,258,280	18,400,738
Borrowings		11,010,575	11,565,200
Deferred revenues		5,004,452	5,478,480
Lease liabilities		1,899,831	1,756,559
Income tax liabilities		48,537	104,387
		66,144,102	68,592,957
Total liabilities		119,461,703	115,096,507
Total equity and liabilities		243,026,526	240,653,269

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six Months Ended June 30,	
	<u>2022</u>	<u>2021</u>
	<i>(RMB in thousands)</i>	
Net cash flows used in operating activities	(2,044,865)	(1,549,700)
Net cash flows used in investing activities	(7,446,679)	(16,429,231)
Net cash flows generated from financing activities	2,058,056	72,590,345
Net (decrease)/increase in cash and cash equivalents	(7,433,488)	54,611,414
Cash and cash equivalents at the beginning of the period	32,513,428	17,093,559
Exchange gains/(losses) on cash and cash equivalents	457,066	(317,104)
Cash and cash equivalents at the end of the period	<u>25,537,006</u>	<u>71,387,869</u>

NOTES TO THE FINANCIAL INFORMATION

1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office is at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

The Company is an investment holding company. The Company and its domestic subsidiaries offers diversified daily goods and services in the broader retail by leveraging technology.

The financial information of our Company has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statement of the Company for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2021 annual report of our Company dated March 25, 2022 (the "2021 Financial Statements"). The Interim Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

2 Changes in accounting policies and disclosures

(a) *New amendments adopted by the Company*

The Company has applied the following new amendments for the first time commencing January 1, 2022:

Amendments to IAS 16	Property, plant and equipment: proceeds before intended use
Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020

The adoption of the above new amendments did not have any significant financial impact on these consolidated financial statements.

(b) *New standards and amendments not yet adopted by the Company*

The following new standards and amendments have been issued, but are not effective for the Company's financial year beginning on January 1, 2022 and have not been early adopted by the Company.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

The Company is in the process of assessing potential impact of the above new standards and amendments that is relevant to the Company upon initial application. According to the preliminary assessment made by the Directors of the Company, management does not anticipate any significant impact on the Company's financial positions and results of operations upon adopting the above new standards and amendments except for the Amendments to IAS 12. The management of the Company plans to adopt these new standards and amendments when they become effective.

3 Segment information

Starting from this quarter, our chief operating decision makers ("CODMs") started to review information under a new reporting structure, and segment reporting is updated to conform to this change. We think the new segment disclosure better reflects our business strategies, the development phases of various businesses and the financial performance, and better aligns with our resource allocation. Our updated reportable segments comprise:

- Core local commerce, which mainly includes the former Food delivery and In-store, hotel & travel segments, as well as Meituan Instashopping, alternative accommodations and transportation ticketing; and
- New initiatives, which mainly includes Meituan Select, Meituan Grocery, B2B food distribution, ride sharing, bike sharing, e-moped sharing, power banks, RMS and other new initiatives.

The segment information provided to the Company's CODMs for the reportable segments for the relevant periods is as follows:

	Unaudited Three Months Ended June 30, 2022			
	Core local commerce	New initiatives	Unallocated items (Note i)	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	15,950,770	-	-	15,950,770
Commission	12,478,501	315,518	-	12,794,019
Online marketing services	7,295,796	20,891	-	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	-	14,876,887
Total revenues	36,779,243	14,159,120	-	50,938,363
Cost of revenues, operating expenses and unallocated items	(28,518,250)	(20,948,666)	(1,964,285)	(51,431,201)
Including: Delivery related costs	(17,181,440)	-	-	(17,181,440)
Operating (loss)/profit	8,260,993	(6,789,546)	(1,964,285)	(492,838)

Unaudited Three Months Ended June 30, 2021

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	13,861,207	–	–	13,861,207
Commission	12,170,487	418,123	–	12,588,610
Online marketing services	7,194,528	21,168	–	7,215,696
Other services and sales (including interest revenue)	468,840	9,624,879	–	10,093,719
Total revenues	33,695,062	10,064,170	–	43,759,232
Cost of revenues, operating expenses and unallocated items	(27,780,591)	(18,849,606)	(380,740)	(47,010,937)
Including: Delivery related costs	(16,395,387)	–	–	(16,395,387)
Operating (loss)/profit	5,914,471	(8,785,436)	(380,740)	(3,251,705)

Unaudited Six Months Ended June 30, 2022

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Including: Delivery related costs	(35,416,474)	–	–	(35,416,474)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

Unaudited Six Months Ended June 30, 2021

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	26,719,916	–	–	26,719,916
Commission	21,918,674	807,958	–	22,726,632
Online marketing services	12,846,396	34,435	–	12,880,831
Other services and sales (including interest revenue)	957,841	17,490,274	–	18,448,115
Total revenues	62,442,827	18,332,667	–	80,775,494
Cost of revenues, operating expenses and unallocated items	(52,900,164)	(34,861,521)	(1,032,521)	(88,794,206)
Including: Delivery related costs	(32,707,764)	–	–	(32,707,764)
Operating (loss)/profit	9,542,663	(16,528,854)	(1,032,521)	(8,018,712)

- (i) Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net and (v) certain corporate administrative expenses and other miscellaneous items. They are not allocated to individual segments.

4 Expenses by nature

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(RMB in thousands)</i>			
Delivery related costs	17,181,440	16,395,387	35,416,474	32,707,764
Employee benefits expenses	10,488,641	8,309,267	20,458,424	15,558,485
Transaction costs (Note i)	7,617,587	5,914,897	14,577,218	11,179,691
Other outsourcing costs	5,201,350	4,422,838	10,391,639	7,922,657
Promotion, advertising and user incentives	4,294,589	6,547,814	8,637,292	10,337,653
Depreciation of property, plant and equipment	2,239,674	1,811,030	4,358,614	3,532,099
Amortisation of intangible assets	134,860	201,852	266,894	404,092
Auditor's remuneration				
– Audit and audit-related services	7,344	17,006	16,560	25,269
– Non-audit services	2,619	1,901	5,123	3,342

(i) Transaction costs consist of cost of inventories sold and certain costs for services rendered.

5 Other gains, net

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(RMB in thousands)</i>			
Subsidies and tax preference	339,793	505,827	753,373	674,722
Fair value changes and gains from treasury investments	358,687	339,792	690,740	630,998
Foreign exchange gains, net	240,177	175,706	248,953	85,532
Others	29,818	(44,349)	204,140	(36,158)
	968,475	976,976	1,897,206	1,355,094

6 Loss per share

- (a) Basic loss per share for the three months and six months ended June 30, 2022 and 2021 were calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the reporting period.

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Loss for the period attributable to the equity holders of the Company (RMB'000)	(1,116,519)	(3,357,323)	(6,819,008)	(8,204,606)
Weighted average number of ordinary shares in issue (thousands)	6,139,679	6,030,681	6,136,974	5,957,039
Basic loss per share (RMB)	<u>(0.18)</u>	<u>(0.56)</u>	<u>(1.11)</u>	<u>(1.38)</u>

- (b) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. As the Company incurred losses for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the period was the same as basic loss per share.

7 Income tax credits

The following table sets forth our income tax credits for the periods indicated:

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(RMB in thousands)</i>			
Current income tax expenses	(20,846)	(89,158)	(130,351)	(114,426)
Deferred income tax credits	25,909	97,388	190,637	133,611
	<u>5,063</u>	<u>8,230</u>	<u>60,286</u>	<u>19,185</u>

8 Trade receivables

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

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2022	2021
	<i>(RMB in thousands)</i>	
Trade receivables	2,539,337	2,019,029
Less: allowance for impairment	(275,176)	(225,994)
	<u>2,264,161</u>	<u>1,793,035</u>

We allow a credit period of 30 to 180 days to our customers. Aging analysis of trade receivables (net of allowance for impairment of trade receivables) based on invoice date is as follows:

	Unaudited As of June 30, 2022	Audited As of December 31, 2021
	<i>(RMB in thousands)</i>	
Trade receivables		
Up to 3 months	1,935,483	1,669,739
3 to 6 months	302,083	101,529
6 months to 1 year	19,248	17,861
Over 1 year	7,347	3,906
	2,264,161	1,793,035

9 Trade payables

Trade payables represent liabilities for inventories sold and services provided to us prior to the end of reporting period which are unpaid. As of June 30, 2022 and December 31, 2021, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2022	Audited As of December 31, 2021
	<i>(RMB in thousands)</i>	
Trade payables		
Up to 3 months	13,460,124	14,906,908
3 to 6 months	163,985	146,690
6 months to 1 year	148,927	88,042
Over 1 year	89,782	23,979
	13,862,818	15,165,619

10 Dividends

No dividends have been paid or declared by the Company during the six months ended June 30, 2022 and the year ended December 31, 2021.

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 six months ended June 30, 2022.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Company's unaudited interim financial information for the six months ended June 30, 2022. 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 were no significant events that might affect the Company since June 30, 2022.

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 C.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable during the six months ended June 30, 2022. Pursuant to code provision C.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.

In light of the amendments to the CG Code which came into effect on January 1, 2022 and the additional requirements imposed on the corporate governance reports for the financial year commencing on or after January 1, 2022, the Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code. The Company will report its compliance with the latest version of the CG Code in the corporate governance report of the Company for the year ending December 31, 2022.

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 six months ended June 30, 2022.

Publication of the Interim Results and Interim Report

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

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our couriers 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, August 26, 2022

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 Dr. 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 ordinary 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”)
“CODMs”	the chief operating decision makers who are responsible for allocating resources and assessing performance of the relevant operating segments

“Director(s)”	the director(s) of the Company
“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 GEM of the Stock Exchange
“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

“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
“Number of On-demand Delivery transactions”	include number of transactions from food delivery and Meituan Instashopping businesses
“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 recognised based on the number of payments made. (i) With respect to our in-store business, one transaction is recognised if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognised 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 recognised if a user purchases multiple tickets with a single payment; (iv) with respect to our bike sharing and e-moped sharing businesses, if a user uses monthly pass, then one transaction is recognised only when the user purchases or claims the monthly pass, and subsequent rides are not recognised as transactions; if a user does not use monthly pass, then one transaction is recognised for every ride