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美团

Meituan

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

ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of Directors (the “**Board**”) of Meituan 美团 (the “**Company**”) is pleased to announce the audited consolidated results of the Company for the year ended December 31, 2022. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

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

KEY HIGHLIGHTS

Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	December 31, 2022		December 31, 2021		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	60,128,939	100.0%	49,523,133	100.0%	21.4%
Operating loss	(731,590)	(1.2%)	(5,005,856)	(10.1%)	(85.4%)
Loss for the period	(1,083,541)	(1.8%)	(5,339,151)	(10.8%)	(79.7%)
Non-IFRS Measures¹:					
Adjusted EBITDA	2,960,883	4.9%	(2,009,748)	(4.1%)	NA
Adjusted net profit/(loss)	829,145	1.4%	(3,935,732)	(7.9%)	NA
	Year Ended				Year-over- year change
	December 31, 2022		December 31, 2021		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	219,954,948	100.0%	179,127,997	100.0%	22.8%
Operating loss	(5,820,448)	(2.6%)	(23,127,199)	(12.9%)	(74.8%)
Loss for the year	(6,685,323)	(3.0%)	(23,536,198)	(13.1%)	(71.6%)
Non-IFRS Measures:					
Adjusted EBITDA	9,724,589	4.4%	(9,694,076)	(5.4%)	NA
Adjusted net profit/(loss)	2,827,245	1.3%	(15,571,500)	(8.7%)	NA

¹ See the section entitled “Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures” for more information about the non-IFRS measures.

Financial Information by Segment²

	Unaudited			Total
	Three Months Ended December 31, 2022			
	Core local commerce	New initiatives	Unallocated items ³	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	19,772,732	–	–	19,772,732
Commission	14,636,518	297,341	–	14,933,859
Online marketing services	7,744,751	24,841	–	7,769,592
Other services and sales (including interest revenue)	1,318,663	16,334,093	–	17,652,756
Total revenues	43,472,664	16,656,275	–	60,128,939
Cost of revenues, operating expenses and unallocated items	(36,257,422)	(23,021,295)	(1,581,812)	(60,860,529)
Including: Delivery related costs	(22,199,253)	–	–	(22,199,253)
Operating (loss)/profit	7,215,242	(6,365,020)	(1,581,812)	(731,590)
	Unaudited			Total
	Three Months Ended December 31, 2021			
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	14,990,397	–	–	14,990,397
Commission	12,878,761	438,259	–	13,317,020
Online marketing services	8,137,460	45,169	–	8,182,629
Other services and sales (including interest revenue)	1,027,220	12,005,867	–	13,033,087
Total revenues	37,033,838	12,489,295	–	49,523,133
Cost of revenues, operating expenses and unallocated items	(31,916,464)	(21,850,963)	(761,562)	(54,528,989)
Including: Delivery related costs	(19,312,006)	–	–	(19,312,006)
Operating (loss)/profit	5,117,374	(9,361,668)	(761,562)	(5,005,856)

² Starting from the quarter ended June 30, 2022, our chief operating decision makers reviewed information under a new reporting structure, and segment reporting was updated to conform to this change. Comparative figures for the fourth quarter and whole year of 2021 were reclassified accordingly.

³ 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/(losses), 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	31.9	NA	NA	31.9
Commission	13.6	(32.2)	NA	12.1
Online marketing services	(4.8)	(45.0)	NA	(5.0)
Other services and sales (including interest revenue)	28.4	36.1	NA	35.4
Total revenues	17.4	33.4	NA	21.4
Cost of revenues, operating expenses and unallocated items	13.6	5.4	107.7	11.6
Including: Delivery related costs	15.0	NA	NA	15.0
Operating (loss)/profit	41.0	(32.0)	107.7	(85.4)

	Year Ended December 31, 2022			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	70,063,908	–	–	70,063,908
Commission	55,143,008	1,366,691	–	56,509,699
Online marketing services	30,683,079	85,511	–	30,768,590
Other services and sales (including interest revenue)	4,869,027	57,743,724	–	62,612,751
Total revenues	160,759,022	59,195,926	–	219,954,948
Cost of revenues, operating expenses and unallocated items	(131,256,353)	(87,575,136)	(6,943,907)	(225,775,396)
Including: Delivery related costs	(80,189,722)	–	–	(80,189,722)
Operating (loss)/profit	<u>29,502,669</u>	<u>(28,379,210)</u>	<u>(6,943,907)</u>	<u>(5,820,448)</u>

Year Ended December 31, 2021

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	57,102,328	–	–	57,102,328
Commission	47,988,724	1,656,835	–	49,645,559
Online marketing services	28,985,209	99,961	–	29,085,170
Other services and sales (including interest revenue)	<u>2,569,176</u>	<u>40,725,764</u>	<u>–</u>	<u>43,294,940</u>
Total revenues	136,645,437	42,482,560	–	179,127,997
Cost of revenues, operating expenses and unallocated items	(117,834,392)	(78,401,311)	(6,019,493)	(202,255,196)
Including: Delivery related costs	<u>(72,064,077)</u>	<u>–</u>	<u>–</u>	<u>(72,064,077)</u>
Operating (loss)/profit	<u>18,811,045</u>	<u>(35,918,751)</u>	<u>(6,019,493)</u>	<u>(23,127,199)</u>
	Year-over-year change			
	Core local commerce	New initiatives	Unallocated items	Total
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	22.7	NA	NA	22.7
Commission	14.9	(17.5)	NA	13.8
Online marketing services	5.9	(14.5)	NA	5.8
Other services and sales (including interest revenue)	89.5	41.8	NA	44.6
Total revenues	17.6	39.3	NA	22.8
Cost of revenues, operating expenses and unallocated items	11.4	11.7	15.4	11.6
Including: Delivery related costs	11.3	NA	NA	11.3
Operating (loss)/profit	56.8	(21.0)	15.4	(74.8)

Operating Metrics

	Twelve Months Ended		
	December 31, 2022	December 31, 2021	Year-over- year change

(in millions, except for percentages)

Number of Transacting Users	677.9	690.5	(1.8%)
Number of Active Merchants	9.3	8.8	5.1%

(units, except for percentages)

Average number of transactions per annual Transacting User	40.8	35.8	14.1%
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	Three Months Ended		
	December 31, 2022	December 31, 2021	Year-over- year change

(in millions, except for percentages)

Number of On-demand Delivery transactions	4,830.2	4,253.1	13.6%
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	Year Ended		
	December 31, 2022	December 31, 2021	Year-over- year change

(in millions, except for percentages)

Number of On-demand Delivery transactions	17,670.2	15,501.3	14.0%
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BUSINESS REVIEW AND OUTLOOK

Company Financial Highlights

During the full year of 2022, our revenues increased by 22.8% to RMB220.0 billion from RMB179.1 billion in 2021. Our Core local commerce segment achieved an operating profit of RMB29.5 billion in 2022, up by 56.8% from RMB18.8 billion in 2021. Meanwhile, the operating loss for our New initiatives segment narrowed to RMB28.4 billion in 2022 from RMB35.9 billion in 2021. Our adjusted EBITDA and adjusted net profit were RMB9.7 billion and RMB2.8 billion in 2022 respectively, turning from loss into profit on a year-over-year basis. We have also achieved operating cash inflow of RMB11.4 billion for the full year of 2022. We held cash and cash equivalents of RMB20.2 billion and short-term treasury investments of RMB91.9 billion as of December 31, 2022.

Company Business Highlights

Core Local Commerce

In 2022, we achieved 17.6% revenue growth for the Core local commerce segment, despite negative impacts from the macro environment. Operating profit increased by 56.8% on a year-over-year basis to RMB29.5 billion, and operating margin improved to 18.4%, up from 13.8% in 2021.

For the fourth quarter of 2022, segment revenue increased by 17.4% on a year-over-year basis to RMB43.5 billion, and operating profit increased by 41.0% on a year-over-year basis to RMB7.2 billion, with operating margin improved to 16.6%, up from 13.8% in the same period of 2021.

Our food delivery business posted steady, high-quality growth in 2022, with peak daily order volume surpassing 60 million. We iterated our business model and optimised our operations to meet broader consumer demand. In December 2022, as demand for food delivery increased significantly due to the spread of COVID, we introduced measures to ensure supply and delivery capacity, which led to double-digit year-over-year growth in order volume. Thanks to our continuous efforts, food delivery has become an increasingly indispensable service for consumers, and the number of Transacting Users as well as order frequency increased year over year in the fourth quarter of 2022. We also refined our operations and enhanced marketing programs across different consumption scenarios. Our promotional campaigns around the World Cup effectively incentivised food delivery consumptions during World Cup games. As a result, user stickiness from high-quality consumers and order contribution from high-frequency users both enhanced in the past several quarters. We also continued to iterate our membership program, and ensured the rights and interests of our membership subscribers, resulting in improvement in subsidy efficiency. On the merchant side, we deepened our merchant support programs to help them overcome operating difficulties and generate more revenue during the pandemic. We offered the “Food Delivery Manager” program for free to a wider range of merchants, leading to a significant increase in their monthly income. In addition, we onboarded more new merchants and accelerated the digital transformation of high-end restaurants. Thanks to our continuous iteration, our competitive advantage in merchants, consumers and delivery network further enhanced.

For Meituan Instashopping, the consumer mindshare of delivering everything to their doorsteps has further strengthened. We effectively leveraged our experience in the on-demand delivery and the location-based operational capabilities to satisfy consumers' growing demand of broad range of e-commerce products. In 2022, both annual Transacting Users and annual Active Merchants of Meituan Instashopping increased by nearly 30% on a year-over-year basis, and the highest daily order volume exceeded 11 million in December. On the demand side, we effectively met consumer needs across different scenarios, such as delivering last-minute holiday gifts or the New Year special purchases. We also delivered essential medications to satisfy consumers' urgent needs during the pandemic, and expanded the delivery distance to city-wide. We ensured stable supply of medication and medical equipment at fair prices, and worked with local pharmacies to provide certain COVID-19 drugs and 24/7 "fever consultation" services for consumers. Subsequently, daily order volume of medicine peaked at 5.8 million in the fourth quarter. On the supply side, we continued to grow and diversify our merchant base, and helped traditional offline retailers digitise their operations. We leveraged our operational capabilities and experience from high-tier cities and replicated our success to many low-tier cities. We also onboarded a large number of chain supermarkets, and formed strategic collaborations with selected brands. As a result, categories such as electronics, beauty and personal care, mother and child supplies, and pet care, all experienced significant growth during festival promotions and marketing campaigns. We have high confidence in the future growth potential of Meituan Instashopping, and we will continue to help offline retailers with digital operations going forward.

The delivery network is at the core of our food delivery and Meituan Instashopping businesses, and it has always been our competitive advantage. While we guarantee delivery capacity and improve efficiency, we also created more job opportunities and continued to improve our couriers' benefits and advocate for their interests. When delivery capacity was tight during the peak of the pandemic, we launched various measures to stabilise delivery capacity, including expanding efforts in courier recruitment, providing cross-region order dispatches and offering additional subsidies to couriers. During the pandemic, we also provided free accommodations and service stations and increased the supplies of personal protective equipment for the couriers. We proactively responded to the government's call to provide flexible employment opportunities, and participated in the pilot program of occupational injury insurance. In addition, we continuously optimised our order dispatch system and the courier performance assessment mechanism, while strengthening the safety and protection policies for the couriers. Moreover, we provided couriers with career development opportunities, through promotions, job rotations and continuing education courses. Going forward, we will continue to invest in the safety and welfare for the couriers and ensure a better working environment for them.

Our in-store, hotel and travel business has been negatively affected by the repeated COVID outbreaks and prolonged pandemic control measures during 2022. In the fourth quarter of 2022, the year-over-year decrease of the in-store, hotel and travel revenue due to the negative impact of the pandemic, was to a similar extent as that of the second quarter. Despite the external challenges, our annual Active Merchants of the in-store, hotel and travel business maintained healthy growth on a year-over-year basis in 2022. We not only enhanced the quality of our supply, but also expanded the service scope, especially in the “silver economy” categories, and quickly penetrated into the elderly market. We also explored the evolving consumption trend among young people, with categories such as fitness, medical care, and pet care all posting solid growth. In addition, we continued to stratify our merchant base and assist merchants with digital operations. For example, we offered specially-tailored tools for “Time-honored Brands”, allowing them to upload visually appealing contents to our platform, and expanded their customer acquisition channels. In addition, we refined our self-pickup services in combination with merchant traffic support and joint-marketing programs, to help merchants overcome difficulties during the pandemic. On the consumer side, we held promotions to celebrate holidays and special events, which effectively boosted local consumptions and optimised supply on our platform. Going forward, we will continue to enhance supply, address new consumption habits, and incentivise transactions. We believe that our rich product and content matrix, along with our strong consumer mindshare, will solidify our core advantages in this business.

For the most of 2022, strict travel controls remained in place, resulting in a prolonged depression of demand for hotel and travel. Despite external challenges, we leveraged our competitive advantages in local accommodation and short-distance travel scenarios, and further optimised our products, services, and marketing strategies. In addition, we diversified our Hotel+X packaged tours, launched joint marketing events with theme parks and major IP attractions, and deepened our collaborations with hotel brands. Moreover, we efficiently captured demand and stimulated hotel reservations. For high-star hotels, we continuously enhanced supply, optimised our pricing strategies, and improved service quality. On the low-star front, we solidified our market leadership, expanded supply, and optimised the online solutions that better match consumer demand. For the fourth quarter of 2022, despite the persisting negative impact from pandemic control in October and November, after the pandemic control was lifted in December, travel demand and hotel room nights rebounded immediately. We have full confidence in the future growth potential of the domestic travel industry in China.

New Initiatives

In 2022, revenues from the New initiatives segment increased by 39.3% on a year-over-year basis to RMB59.2 billion, mainly driven by growths from the goods retail businesses. Operating loss narrowed to RMB28.4 billion, while operating margin improved to negative 47.9%, primarily attributable to improvement in operating efficiency from the goods retail businesses.

For the fourth quarter of 2022, revenues from the New initiatives segment increased by 33.4% on a year-over-year basis to RMB16.7 billion. Operating loss for the segment decreased by 32.0% on a year-over-year basis to RMB6.4 billion, and operating margin improved sequentially to negative 38.2%.

For Meituan Select, after upgrading our brand positioning to “Next-day Supermarket”, we enhanced our nationwide next-day logistics network to facilitate the circulation of agricultural products. We strengthened consumer perception of Meituan Select as a source of convenient, value-for-money products. We also remained focused on high-quality growth, maintained our market leadership, and improved efficiency through supply chain optimisation and fulfillment enhancement. Moreover, we actively responded to the government’s call to ensure stable supply and logistics during the pandemic, and broadened our distribution channels for agricultural products. In addition, we helped farmers increase their incomes, and provided consumers with more quality SKUs and diverse selections of fresh produce. In the fourth quarter, GTV contribution from centralised procurement increased notably, and the number of pick-up stations in low-tier markets exceeded 1.1 million.

Meituan Grocery recorded robust growth, with improving operating efficiency in the fourth quarter of 2022, thanks to a surge in demand. We expanded supply and further strengthened consumer mindshare to purchase fresh produce, snacks, daily necessities, personal care, prepared meals, and more. Consequently, average ticket size and order frequency continued to grow. During the pandemic, we ensured supply for people from the affected regions, and guaranteed the delivery capacity to fulfill higher order volume. In addition, we established in-depth collaborations with local governments and farmers from the products’ places of origin, and enhanced our “Locally-sourced Selected Product” program, which not only diversified our supply, but also helped farmers increase their income.

Company Outlook and Strategy for 2023

Looking ahead to 2023, we will continue to implement our “Retail + Technology” corporate strategy, to provide consumers with rich selections of products and services, facilitate the recovery of local consumption, and create employment opportunities. While we optimise the on-demand delivery network, we continue to extend our product coverage from meals to non-meal categories, including groceries, daily necessities, medicines, and more, and will further strengthen consumer mindshare of convenience and being able to deliver everything to their doorsteps. On the merchant side, we will continue to optimise our comprehensive service offerings and online marketing tools, to help merchants improve operating efficiency and generate more income in the post-pandemic era. In addition, we will create a wide range of job opportunities while placing particular emphasis on the welfare and benefits of our couriers. Moreover, as we grow the goods retail businesses and continue to optimise our nationwide next-day logistics network, we will penetrate deeper into counties and villages, provide more diverse and cost-effective products for consumers from rural areas, improve fulfillment efficiency, and support the circulation of agricultural products. Furthermore, we are committed to innovate and leverage advanced technology, such as autonomous delivery vehicles and drones, to improve operating efficiency, bring more value for all the participants in our ecosystem, and continue to fulfill our mission that “We help people eat better, live better”.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

	Unaudited	
	Three Months Ended	
	December 31,	December 31,
	2022	2021
	<i>(RMB in thousands)</i>	
Revenues	60,128,939	49,523,133
Including: Interest revenue	409,525	238,175
Cost of revenues	(43,195,543)	(37,540,530)
Gross profit	16,933,396	11,982,603
Selling and marketing expenses	(10,766,926)	(11,239,904)
Research and development expenses	(5,242,928)	(4,581,961)
General and administrative expenses	(2,450,697)	(2,435,083)
Net reversals of/(provisions for) impairment losses on financial and contract assets	19,168	(52,489)
Fair value changes of other financial investments at fair value through profit or loss	187,942	726,955
Other gains, net	588,455	594,023
Operating loss	(731,590)	(5,005,856)
Finance income	147,391	157,174
Finance costs	(405,168)	(331,672)
Share of losses of investments accounted for using the equity method	(95,873)	(163,855)
Loss before income tax	(1,085,240)	(5,344,209)
Income tax credits	1,699	5,058
Loss for the period	(1,083,541)	(5,339,151)
Non-IFRS measures:		
Adjusted EBITDA	2,960,883	(2,009,748)
Adjusted net profit/(loss)	829,145	(3,935,732)

Revenues

Our revenues increased by 21.4% to RMB60.1 billion for the fourth quarter of 2022 from RMB49.5 billion for the same period of 2021. We achieved revenue growth in both reportable segments.

The following table sets forth our revenues by segment and type for the fourth quarter of 2022 and 2021:

	Unaudited Three Months Ended December 31, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	19,772,732	–	19,772,732
Commission	14,636,518	297,341	14,933,859
Online marketing services	7,744,751	24,841	7,769,592
Other services and sales (including interest revenue)	1,318,663	16,334,093	17,652,756
Total	43,472,664	16,656,275	60,128,939
	Unaudited Three Months Ended December 31, 2021		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	14,990,397	–	14,990,397
Commission	12,878,761	438,259	13,317,020
Online marketing services	8,137,460	45,169	8,182,629
Other services and sales (including interest revenue)	1,027,220	12,005,867	13,033,087
Total	37,033,838	12,489,295	49,523,133

Our revenues from the Core local commerce segment increased by 17.4% to RMB43.5 billion for the fourth quarter of 2022 from RMB37.0 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 optimised 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 of our food delivery and Meituan Instashopping businesses, partially offset by the decreased GTV from our in-store, hotel & travel businesses due to pandemic. The decrease in online marketing services revenue on a year-over-year basis was mainly attributable to the decrease in the average revenue of quarterly online marketing Active Merchants of our in-store, hotel & travel businesses as their demands were significantly restrained due to the pandemic.

Our revenues from the New initiatives segment increased by 33.4% to RMB16.7 billion for the fourth quarter of 2022 from RMB12.5 billion for the same period of 2021, mainly due to the expansion 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			
	December 31, 2022		December 31, 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	43,195,543	71.8%	37,540,530	75.8%
Selling and marketing expenses	10,766,926	17.9%	11,239,904	22.7%
Research and development expenses	5,242,928	8.7%	4,581,961	9.3%
General and administrative expenses	2,450,697	4.1%	2,435,083	4.9%

Cost of Revenues

Our cost of revenues increased to RMB43.2 billion for the fourth quarter of 2022 from RMB37.5 billion for the same period of 2021, and decreased by 4.0 percentage points to 71.8% from 75.8% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to 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, as well as the increased cost of revenues due to the expansion of our goods retail 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 decreased to RMB10.8 billion for the fourth quarter of 2022 from RMB11.2 billion for the same period of 2021, which was primarily attributable to the restrained promotion and advertising expenses as a result of effective cost control. The percentage of revenues was 17.9%, which decreased by 4.8 percentage points from 22.7% on a year-over-year basis, primarily because of effective cost control.

Research and Development Expenses

Our research and development expenses increased to RMB5.2 billion for the fourth quarter of 2022 from RMB4.6 billion for the same period of 2021, and decreased by 0.6 percentage points to 8.7% from 9.3% as a percentage of revenues on a year-over-year basis. The increase in the absolute amount of research and development expenses was mainly attributable to the increase in employee benefits expenses, and the decrease in research and development expenses as a percentage of revenues was primarily attributable to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses was RMB2.5 billion for the fourth quarter of 2022, remaining flat on a year-over-year basis, and decreased by 0.8 percentage points to 4.1% from 4.9% as a percentage of revenues. The decrease in general and administrative expenses as a percentage of revenues was mainly attributable to improved operating leverage.

Net Reversals of/(Provisions for) Impairment Losses on Financial and Contract Assets

Our net reversals of/(provisions for) impairment losses on financial and contract assets changed to net reversals of RMB19.2 million for the fourth quarter of 2022 from net provisions of RMB52.5 million for the same period of 2021, which reflected the change 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 gain of RMB187.9 million for the fourth quarter of 2022, compared to a gain of RMB727.0 million for the same period of 2021. The fluctuation was mainly driven by the fair value change of our investment portfolios on a year-over-year basis.

Other Gains, Net

Our other gains, net for the fourth quarter of 2022 was RMB588.5 million, compared to RMB594.0 million for the same period of 2021.

Operating Loss

As a result of the foregoing, our operating loss and operating margin for the fourth quarter of 2022 were RMB731.6 million and negative 1.2% respectively, compared to operating loss and operating margin of RMB5.0 billion and negative 10.1% 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			
	December 31, 2022		December 31, 2021	
	As a percentage of revenues	As a percentage of revenues	Amount	Amount
	Amount	Amount	Amount	Amount
<i>(RMB in thousands, except for percentages)</i>				
Core local commerce	7,215,242	16.6%	5,117,374	13.8%
New initiatives	(6,365,020)	(38.2%)	(9,361,668)	(75.0%)
Unallocated items	(1,581,812)	NA	(761,562)	NA
Total operating loss	<u>(731,590)</u>	<u>(1.2%)</u>	<u>(5,005,856)</u>	<u>(10.1%)</u>

Our operating profit from the Core local commerce segment increased to RMB7.2 billion for the fourth quarter of 2022 from RMB5.1 billion for the same period of 2021 and the operating margin increased by 2.8 percentage points to 16.6% from 13.8% on a year-over-year basis. The increase in operating profit was mainly attributable to the increase in gross profit of our food delivery and Meituan Instashopping businesses, partially offset by the decrease in the profit of our in-store, hotel & travel businesses due to the pandemic. The increase in operating margin was mainly attributable to the improved gross margin of our food delivery and Meituan Instashopping businesses, as well as our efforts in reducing cost and expense and improving operating efficiency of all businesses.

Our operating loss from the New initiatives segment decreased to RMB6.4 billion for the fourth quarter of 2022 from RMB9.4 billion for the same period of 2021, and the operating margin for this segment improved by 36.8 percentage points to negative 38.2% from negative 75.0% on a year-over-year basis. Both the improvements in operating loss and operating margin were primarily attributable to our efforts in reducing cost and expense and improving operating efficiency particularly in our goods retail businesses.

Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method was RMB95.9 million for the fourth quarter of 2022, compared to RMB163.9 million for the same period of 2021. The loss for this quarter was primarily due to the financial results of our investees.

Loss for the Period

As a result of the foregoing, we had a loss of RMB1.1 billion for the fourth quarter of 2022, compared to a loss of RMB5.3 billion for the same period of 2021.

The Fourth Quarter of 2022 Compared to the Third Quarter of 2022

The following table sets forth the comparative figures for the fourth quarter of 2022 and the third quarter of 2022:

	Unaudited	
	Three Months Ended	
	December 31,	September 30,
	2022	2022
	<i>(RMB in thousands)</i>	
Revenues	60,128,939	62,618,892
Including: Interest revenue	409,525	197,535
Cost of revenues	(43,195,543)	(44,114,024)
Gross profit	16,933,396	18,504,868
Selling and marketing expenses	(10,766,926)	(10,886,422)
Research and development expenses	(5,242,928)	(5,414,371)
General and administrative expenses	(2,450,697)	(2,505,272)
Net reversals of/(provisions for) impairment losses on financial and contract assets	19,168	(284,035)
Fair value changes of other financial investments at fair value through profit or loss	187,942	(105,922)
Other gains, net	588,455	1,679,376
Operating (loss)/profit	(731,590)	988,222
Finance income	147,391	209,746
Finance costs	(405,168)	(474,728)
Share of (losses)/profits of investments accounted for using the equity method	(95,873)	485,362
(Loss)/profit before income tax	(1,085,240)	1,208,602
Income tax credits	1,699	8,209
(Loss)/profit for the period	(1,083,541)	1,216,811
Non-IFRS measures:		
Adjusted EBITDA	2,960,883	4,801,736
Adjusted net profit	829,145	3,526,579

Revenues

Our revenues decreased by 4.0% to RMB60.1 billion for the fourth quarter of 2022 from RMB62.6 billion for the third quarter of 2022. The decrease was primarily attributable to the negative impact from the pandemic and seasonality of our businesses.

The following table sets forth our revenues by segment and type for the fourth quarter of 2022 and the third quarter of 2022:

	Unaudited Three Months Ended December 31, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	19,772,732	–	19,772,732
Commission	14,636,518	297,341	14,933,859
Online marketing services	7,744,751	24,841	7,769,592
Other services and sales (including interest revenue)	1,318,663	16,334,093	17,652,756
Total	43,472,664	16,656,275	60,128,939
	Unaudited Three Months Ended September 30, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	20,107,197	–	20,107,197
Commission	16,079,265	403,673	16,482,938
Online marketing services	8,637,608	25,821	8,663,429
Other services and sales (including interest revenue)	1,503,459	15,861,869	17,365,328
Total	46,327,529	16,291,363	62,618,892

Our revenues from the Core local commerce segment decreased by 6.2% to RMB43.5 billion for the fourth quarter of 2022 from RMB46.3 billion for the third quarter of 2022. The decrease in delivery services revenue on a quarter-over-quarter basis was primarily attributable to the decrease in the number of On-demand Delivery transactions due to a combined impact from the pandemic and seasonality. The decrease in commission revenue on a quarter-over-quarter basis was primarily attributable to the decreased GTV from in-store, hotel & travel businesses due to the pandemic. For the online marketing services revenue, the decrease on a quarter-over-quarter basis was mainly attributable to the decrease in the average revenue of quarterly online marketing Active Merchants as their demands were restrained due to pandemic.

Our revenues from the New initiatives segment increased by 2.2% to RMB16.7 billion for the fourth quarter of 2022 from RMB16.3 billion for the third quarter of 2022. The revenues of our goods retail businesses continued to grow while the revenues of our bike sharing and e-moped sharing businesses were adversely affected due to the seasonality.

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			
	December 31, 2022		September 30, 2022	
	As a percentage of revenues	As a percentage of revenues	Amount	Amount
	Amount	Amount	Amount	Amount
<i>(RMB in thousands, except for percentages)</i>				
Costs and Expenses:				
Cost of revenues	43,195,543	71.8%	44,114,024	70.4%
Selling and marketing expenses	10,766,926	17.9%	10,886,422	17.4%
Research and development expenses	5,242,928	8.7%	5,414,371	8.6%
General and administrative expenses	2,450,697	4.1%	2,505,272	4.0%

Cost of Revenues

Our cost of revenues decreased to RMB43.2 billion for the fourth quarter of 2022 from RMB44.1 billion for the third quarter of 2022, and increased by 1.4 percentage points to 71.8% from 70.4% as a percentage of revenues. The decrease in amount was primarily attributable to the decreased cost of revenues of our Core local commerce segment which was in line with total revenue decrease due to the negative impact from the pandemic, partially offset by increased cost of revenues from our goods retail businesses which was in line with their revenue growth. The cost of revenues as a percentage of revenues increased on a quarter-over-quarter basis which was mainly attributable to higher couriers' incentives due to the impact from pandemic, partially offset by the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB10.8 billion for the fourth quarter of 2022, remaining flat on a quarter-over-quarter basis, and increased by 0.5 percentage points to 17.9% from 17.4% as a percentage of revenues on a quarter-over-quarter basis, which was primarily driven by the increase in certain promotion and advertising expenses during holidays and festivals.

Research and Development Expenses

Our research and development expenses decreased to RMB5.2 billion for the fourth quarter of 2022 from RMB5.4 billion for the third quarter of 2022. The decrease in the absolute amount of research and development expenses was primarily due to effective cost control. The percentage of revenues remained flat at 8.7% on a quarter-over-quarter basis.

General and Administrative Expenses

Our general and administrative expenses was RMB2.5 billion and the percentage of revenues was 4.1% for the fourth quarter of 2022, both of which remained flat on a quarter-over-quarter basis.

Net Reversals of/(Provisions for) Impairment Losses on Financial and Contract Assets

Our net reversals of/(provisions for) impairment losses on financial and contract assets changed to net reversals of RMB19.2 million for the fourth quarter of 2022 from net provisions of RMB284.0 million for the third quarter of 2022, which reflected the change 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 gain of RMB187.9 million for the fourth quarter of 2022, compared to a loss of RMB105.9 million for the third quarter of 2022. The change was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net decreased to RMB588.5 million for the fourth quarter of 2022 from RMB1.7 billion for the third quarter of 2022, which was mainly attributable to the decreased subsidies or tax benefits received, the decreased gains from investments, and the fluctuation of foreign exchange (losses)/gains on a quarter-over-quarter basis.

Operating (Loss)/Profit

As a result of the foregoing, our operating loss and operating margin for the fourth quarter of 2022 were RMB731.6 million and negative 1.2% respectively, compared to operating profit and operating margin of RMB988.2 million and 1.6% for the third quarter of 2022.

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

	Unaudited			
	Three Months Ended			
	December 31, 2022		September 30, 2022	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>				
Core local commerce	7,215,242	16.6%	9,321,293	20.1%
New initiatives	(6,365,020)	(38.2%)	(6,771,360)	(41.6%)
Unallocated items	(1,581,812)	NA	(1,561,711)	NA
Total operating (loss)/profit	<u>(731,590)</u>	(1.2%)	<u>988,222</u>	1.6%

Our operating profit from the Core local commerce segment decreased to RMB7.2 billion for the fourth quarter of 2022 from RMB9.3 billion for the third quarter of 2022. The operating margin for this segment decreased by 3.5 percentage points to 16.6% from 20.1% on a quarter-over-quarter basis. The decreases in operating profit and operating margin were mainly attributable to the impact from pandemic on our Core local commerce segment.

Our operating loss from the New initiatives segment was RMB6.4 billion for the fourth quarter of 2022, and our operating margin for this segment improved by 3.4 percentage points to negative 38.2% from negative 41.6% on a quarter-over-quarter basis. Both the decrease in operating loss and improvement in operating margin were mainly attributable to the continued narrowing of operating loss of our goods retail businesses resulting from the improved operating efficiency, partially offset by the increased operating loss of our bike sharing and e-moped sharing businesses resulting from the seasonality.

Share of (Losses)/Profits of Investments Accounted for Using the Equity Method

Our share of (losses)/profits of investments accounted for using the equity method was a loss of RMB95.9 million for the fourth quarter of 2022, compared to a profit of RMB485.4 million for the third quarter of 2022. The fluctuation was mainly driven by the change in the financial results of our investees.

(Loss)/Profit for the Period

As a result of the foregoing, we had a loss of RMB1.1 billion for the fourth quarter of 2022, compared to a profit of RMB1.2 billion for the third quarter of 2022.

The Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

The following table sets forth the comparative figures for the years ended December 31, 2022 and 2021:

	Year Ended	
	December 31, 2022	December 31, 2021
	<i>(RMB in thousands)</i>	
Revenues	219,954,948	179,127,997
Including: Interest revenue	1,133,670	1,000,004
Cost of revenues	(158,201,969)	(136,653,869)
Gross profit	61,752,979	42,474,128
Selling and marketing expenses	(39,745,112)	(40,683,166)
Research and development expenses	(20,739,865)	(16,675,595)
General and administrative expenses	(9,771,810)	(8,612,626)
Net provisions for impairment losses on financial and contract assets	(468,620)	(259,953)
Fair value changes of other financial investments at fair value through profit or loss	(1,013,057)	815,747
Other gains/(losses), net	4,165,037	(185,734)
Operating loss	(5,820,448)	(23,127,199)
Finance income	657,908	546,037
Finance costs	(1,628,825)	(1,130,935)
Share of profits of investments accounted for using the equity method	35,848	145,620
Loss before income tax	(6,755,517)	(23,566,477)
Income tax credits	70,194	30,279
Loss for the year	(6,685,323)	(23,536,198)
Non-IFRS measures:		
Adjusted EBITDA	9,724,589	(9,694,076)
Adjusted net profit/(loss)	2,827,245	(15,571,500)

Revenues

Our revenues increased by 22.8% to RMB220.0 billion in 2022 from RMB179.1 billion in 2021. The increase was primarily attributable to the revenue growth of our both reportable segments.

The following table sets forth our revenues by segment and type in 2022 and 2021:

	Year Ended December 31, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	70,063,908	–	70,063,908
Commission	55,143,008	1,366,691	56,509,699
Online marketing services	30,683,079	85,511	30,768,590
Other services and sales (including interest revenue)	4,869,027	57,743,724	62,612,751
Total	160,759,022	59,195,926	219,954,948
	Year Ended December 31, 2021		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	57,102,328	–	57,102,328
Commission	47,988,724	1,656,835	49,645,559
Online marketing services	28,985,209	99,961	29,085,170
Other services and sales (including interest revenue)	2,569,176	40,725,764	43,294,940
Total	136,645,437	42,482,560	179,127,997

Our revenues from the Core local commerce segment increased by 17.6% to RMB160.8 billion in 2022 from RMB136.6 billion in 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 optimised 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 of our food delivery and Meituan Instashopping businesses, partially offset by the decreased GTV from our in-store, hotel & travel businesses due to pandemic. The increase in online marketing services revenue on a year-over-year basis was mainly attributable to the increase in the number of online marketing Active Merchants.

Our revenues from the New initiatives segment increased by 39.3% to RMB59.2 billion in 2022 from RMB42.5 billion in 2021, mainly due to the expansion of our goods retail businesses.

Costs and Expenses

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

	Year Ended			
	December 31, 2022		December 31, 2021	
	As a		As a	
	percentage		percentage	
	of revenues		of revenues	
	Amount	Amount	Amount	Amount
	<i>(RMB in thousands, except for percentages)</i>			
Costs and Expenses:				
Cost of revenues	158,201,969	71.9%	136,653,869	76.3%
Selling and marketing expenses	39,745,112	18.1%	40,683,166	22.7%
Research and development expenses	20,739,865	9.4%	16,675,595	9.3%
General and administrative expenses	9,771,810	4.4%	8,612,626	4.8%

Cost of Revenues

Our cost of revenues increased to RMB158.2 billion in 2022 from RMB136.7 billion in 2021, and decreased by 4.4 percentage points to 71.9% from 76.3% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to 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, as well as the expansion of our goods retail 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 decreased by RMB938.1 million to RMB39.7 billion in 2022 from RMB40.7 billion in 2021, and decreased by 4.6 percentage points to 18.1% from 22.7% as a percentage of revenues on a year-over-year basis. Both the decreases in the absolute amount of selling and marketing expenses and as a percentage of revenues were primarily attributable to the restrained Transacting User incentives, promotion and advertising expenses as a result of effective cost control.

Research and Development Expenses

Our research and development expenses increased to RMB20.7 billion in 2022 from RMB16.7 billion in 2021 and the percentage of revenues remained flat at 9.4% on a year-over-year basis. The increase in the absolute amount of research and development expenses was mainly driven by the increase in employee benefits expenses.

General and Administrative Expenses

Our general and administrative expenses increased to RMB9.8 billion in 2022 from RMB8.6 billion in 2021, and decreased by 0.4 percentage points to 4.4% from 4.8% as a percentage of revenues on a year-over-year basis. The increase in the absolute amount of general and administrative expenses was primarily driven by the increase in employee benefits expenses, and the decrease in general and administrative expenses as a percentage of revenues was mainly attributable to improved operating leverage.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets increased to RMB468.6 million in 2022 from RMB260.0 million in 2021, and was 0.2% as a percentage of revenues, flat on a year-over-year basis. The increase in amount was mainly due to change 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 RMB1.0 billion in 2022, compared to a gain of RMB815.7 million in 2021. The loss for this year was mainly driven by the fluctuation in the valuation of our investment portfolios.

Other Gains/(Losses), Net

Our other gains/(losses), net in 2022 was a gain of RMB4.2 billion, compared to a loss of RMB185.7 million in 2021. The change was primarily attributable to the increased subsidies or tax benefits received and the increased foreign exchange gains due to the depreciation of Renminbi against U.S. dollar in 2022, besides the fine imposed pursuant to China's Antimonopoly Law that occurred in 2021.

Operating Loss

As a result of the foregoing, our operating loss and operating margin in 2022 were RMB5.8 billion and negative 2.6% respectively, compared to operating loss and operating margin of RMB23.1 billion and negative 12.9% in 2021.

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

	Year Ended			
	December 31, 2022		December 31, 2021	
	As a		As a	
	percentage		percentage	
	of revenues	Amount	of revenues	Amount
	Amount	of revenues	Amount	of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	29,502,669	18.4%	18,811,045	13.8%
New initiatives	(28,379,210)	(47.9%)	(35,918,751)	(84.5%)
Unallocated items	(6,943,907)	NA	(6,019,493)	NA
Total operating loss	<u>(5,820,448)</u>	(2.6%)	<u>(23,127,199)</u>	(12.9%)

Our operating profit from the Core local commerce segment increased to RMB29.5 billion in 2022 from RMB18.8 billion in 2021. The operating margin for this segment increased by 4.6 percentage points to 18.4% from 13.8% on a year-over-year basis. The increases in operating profit and operating margin were mainly attributable to the increased gross profit and gross margin of our food delivery and Meituan Instashopping businesses, as well as our efforts in reducing cost and expense and improving operating efficiency of all businesses.

Our operating loss from the New initiatives segment narrowed to RMB28.4 billion in 2022 from RMB35.9 billion in 2021, and the operating margin for this segment improved by 36.6 percentage points to negative 47.9% from negative 84.5% on a year-over-year basis. Both the improvements in operating loss and operating margin were primarily attributable to our efforts in reducing cost and expense and improving operating efficiency, particularly in our goods retail businesses.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method was RMB35.8 million in 2022, compared to RMB145.6 million in 2021. The fluctuation was primarily due to the change in the financial results of our investees.

Loss for the Year

As a result of the foregoing, we had a loss of RMB6.7 billion in 2022, compared to a loss of RMB23.5 billion in 2021.

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

Adjusted EBITDA represents profit/(loss) for the year/period adjusted for (i) fair value changes of other financial investments at fair value through profit or loss, other gains/(losses), net, finance income, finance costs, share of profits/(losses) of investments accounted for using the equity method and income tax credits/(expenses); and (ii) certain non-cash or one-off items, consisting of share-based compensation expense, amortisation of intangible assets, depreciation on property, plant and equipment, and certain impairment and expense reversal/(provision).

Adjusted net profit/(loss) represents profit/(loss) for the year/period adjusted for (i) certain non-cash or one-off items, consisting of share-based compensation expense, amortisation of intangible assets resulting from acquisitions, and certain impairment and expense reversal/(provision); (ii) net gains/(losses) from certain investments; and (iii) related income tax effects.

The following tables set forth the reconciliations of our non-IFRS measures for the fourth quarter of 2022 and 2021, the third quarter of 2022 and the years ended December 31, 2022 and 2021, to the nearest measures prepared in accordance with IFRS.

**Unaudited
Three Months Ended**

	December 31, 2022	December 31, 2021	September 30, 2022
	<i>(RMB in thousands)</i>		
(Loss)/profit for the period	(1,083,541)	(5,339,151)	1,216,811
Adjusted for:			
Share-based compensation expenses	2,321,115	1,634,141	2,445,766
Net gains from investments (Note (i))	(390,604)	(471,908)	(533,376)
Impairment and expense (reversal)/provision	(238,687)	(1,477)	321,969
Amortisation of intangible assets			
resulting from acquisitions	117,779	121,525	117,973
Tax effects on non-IFRS adjustments	103,083	121,138	(42,564)
Adjusted net profit/(loss)	829,145	(3,935,732)	3,526,579
Adjusted for:			
Income tax (credits)/expenses, except for			
tax effects on non-IFRS adjustments	(104,782)	(126,196)	34,355
Share of losses/(profits) of investments			
accounted for using the equity method not			
adjusted for adjusted net profit/(loss)	150,781	(107,445)	75,126
Finance income	(147,391)	(157,174)	(209,746)
Finance costs	405,168	331,672	474,728
Other gains, net not adjusted for			
adjusted net profit/(loss)	(539,832)	(577,770)	(1,600,566)
Amortisation of software and others	16,038	89,889	17,050
Depreciation on property, plant and equipment	2,351,756	2,473,008	2,484,210
Adjusted EBITDA	2,960,883	(2,009,748)	4,801,736

Note (i) Mainly include fair value changes related to certain investments, gains or losses on disposal of investees or subsidiaries, dilution gains and certain share of profits or losses of investments accounted for using the equity method.

	Year Ended	
	December 31, 2022	December 31, 2021
	<i>(RMB in thousands)</i>	
Loss for the year	(6,685,323)	(23,536,198)
Adjusted for:		
Fine imposed pursuant to China's Antimonopoly Law	–	3,442,440
Share-based compensation expenses	8,742,962	5,193,860
Net losses/(gains) from investments	193,472	(1,247,255)
Impairment and expense provision/(reversal)	322,872	(58,743)
Amortisation of intangible assets resulting from acquisitions	471,372	495,954
Tax effects on non-IFRS adjustments	(218,110)	138,442
Adjusted net profit/(loss)	2,827,245	(15,571,500)
Adjusted for:		
Income tax expenses/(credits), except for tax effects on non-IFRS adjustments	147,916	(168,721)
Share of losses/(profits) of investments accounted for using the equity method not adjusted for adjusted net profit/(loss)	290,822	(416,920)
Finance income	(657,908)	(546,037)
Finance costs	1,628,825	1,130,935
Other gains, net not adjusted for adjusted net profit/(loss)	(3,771,253)	(2,553,898)
Amortisation of software and others	64,362	321,090
Depreciation on property, plant and equipment	9,194,580	8,110,975
Adjusted EBITDA	9,724,589	(9,694,076)

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 RMB20.2 billion and short-term treasury investments of RMB91.9 billion as of December 31, 2022.

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

	Year Ended	
	December 31, 2022	December 31, 2021
	<i>(RMB in thousands)</i>	
Net cash flows generated from/(used in) operating activities	11,411,448	(4,011,457)
Net cash flows used in investing activities	(14,713,569)	(58,491,834)
Net cash flows (used in)/generated from financing activities	(9,990,201)	78,598,331
Net (decrease)/increase in cash and cash equivalents	(13,292,322)	16,095,040
Cash and cash equivalents at the beginning of the year	32,513,428	17,093,559
Exchange gains/(losses) on cash and cash equivalents	937,500	(675,171)
Cash and cash equivalents at the end of the year	<u>20,158,606</u>	<u>32,513,428</u>

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 year, as adjusted by non-cash or one-off items and changes in working capital.

For the year ended December 31, 2022, net cash flows generated from operating activities was RMB11.4 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortisation, share-based compensation expenses and fair value changes and gains related to treasury investments, (ii) the changes in working capital, which primarily consisted of increase in certain current liabilities driven by business growth and payment of the fine imposed pursuant to China's Antimonopoly Law.

Net Cash Flows Used in Investing Activities

For the year ended December 31, 2022, net cash flows used in investing activities was RMB14.7 billion, which was mainly attributable to the net cash flows used in purchase of treasury investments and property, plant and equipment, as well as some other investments.

Net Cash Flows Used in Financing Activities

For the year ended December 31, 2022, net cash flows used in financing activities was RMB10.0 billion, which was mainly attributable to the repayments of borrowings' principal and interest and the payments of lease liabilities.

Gearing ratio

As of December 31, 2022, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 41%.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31,	
		2022	2021
<i>(RMB in thousands)</i>			
Revenues	3	219,954,948	179,127,997
Including: Interest revenue		1,133,670	1,000,004
Cost of revenues	4	(158,201,969)	(136,653,869)
Gross profit		61,752,979	42,474,128
Selling and marketing expenses	4	(39,745,112)	(40,683,166)
Research and development expenses	4	(20,739,865)	(16,675,595)
General and administrative expenses	4	(9,771,810)	(8,612,626)
Net provisions for impairment losses on financial and contract assets		(468,620)	(259,953)
Fair value changes of other financial investments at fair value through profit or loss		(1,013,057)	815,747
Other gains/(losses), net	5	4,165,037	(185,734)
Operating loss	3	(5,820,448)	(23,127,199)
Finance income		657,908	546,037
Finance costs		(1,628,825)	(1,130,935)
Share of profits of investments accounted for using the equity method		35,848	145,620
Loss before income tax		(6,755,517)	(23,566,477)
Income tax credits	7	70,194	30,279
Loss for the year		(6,685,323)	(23,536,198)
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(6,686,110)	(23,538,379)
Non-controlling interests		787	2,181
		(6,685,323)	(23,536,198)
		<i>RMB</i>	<i>RMB</i>
Loss per share for loss for the year attributable to the equity holders of the Company	6		
Basic loss per share		(1.09)	(3.90)
Diluted loss per share		(1.09)	(3.90)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
	<i>(RMB in thousands)</i>	
Loss for the year	(6,685,323)	(23,536,198)
Other comprehensive income/(loss), net of tax:		
<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	(4,516)	1,836
Fair value changes of debt instruments at fair value through other comprehensive income	(288,211)	4,795
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	51,041	163,604
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	1,194,270	(1,540,203)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	85,260	(43,633)
Fair value changes of other financial investments at fair value through other comprehensive income	(481,883)	(86,821)
Other comprehensive income/(loss) for the year	555,961	(1,500,422)
Total comprehensive loss for the year	<u>(6,129,362)</u>	<u>(25,036,620)</u>
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	(6,130,149)	(25,038,801)
Non-controlling interests	787	2,181
	<u>(6,129,362)</u>	<u>(25,036,620)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

		As of December 31,	
	Note	<u>2022</u>	<u>2021</u>
		<i>(RMB in thousands)</i>	
ASSETS			
Non-current assets			
Property, plant and equipment		22,201,259	22,814,246
Intangible assets		30,642,975	31,048,814
Deferred tax assets		1,497,106	1,378,468
Long-term treasury investments		8,114,058	4,010,442
Other financial investments at fair value through profit or loss		15,073,013	14,299,857
Investments accounted for using the equity method		16,582,381	13,868,788
Other financial investments at fair value through other comprehensive income		2,321,865	2,022,705
Prepayments, deposits and other assets		4,903,068	3,381,272
		<u>101,335,725</u>	<u>92,824,592</u>
Current assets			
Inventories		1,162,765	681,693
Trade receivables	8	2,052,731	1,793,035
Prepayments, deposits and other assets		13,292,494	15,281,586
Short-term treasury investments		91,873,270	84,282,016
Restricted cash		14,605,601	13,276,919
Cash and cash equivalents		20,158,606	32,513,428
		<u>143,145,467</u>	<u>147,828,677</u>
Total assets		<u>244,481,192</u>	<u>240,653,269</u>
EQUITY			
Share capital		415	411
Share premium		316,743,344	311,221,237
Shares held for shares award scheme		-	-
Other reserves		1,484,187	(2,866,675)
Accumulated losses		(189,466,336)	(182,741,531)
Equity attributable to equity holders of the Company		128,761,610	125,613,442
Non-controlling interests		(55,893)	(56,680)
Total equity		<u>128,705,717</u>	<u>125,556,762</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2022

		As of December 31,	
	Note	<u>2022</u>	<u>2021</u>
		<i>(RMB in thousands)</i>	
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		846,103	895,691
Financial liabilities at fair value through profit or loss		100,000	–
Borrowings		1,548,967	12,219,667
Notes payable		33,607,372	30,383,378
Lease liabilities		3,203,163	2,994,226
Other non-current liabilities		39,773	10,588
		<u>39,345,378</u>	<u>46,503,550</u>
Current liabilities			
Trade payables	9	17,379,302	15,165,619
Payables to merchants		12,432,342	10,950,920
Advances from transacting users		5,081,178	5,171,054
Other payables and accruals		16,655,307	18,400,738
Borrowings		17,562,145	11,565,200
Deferred revenues		5,053,375	5,478,480
Lease liabilities		2,165,978	1,756,559
Income tax liabilities		100,470	104,387
		<u>76,430,097</u>	<u>68,592,957</u>
Total liabilities		<u>115,775,475</u>	<u>115,096,507</u>
Total equity and liabilities		<u>244,481,192</u>	<u>240,653,269</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of January 1, 2022	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762
Comprehensive loss								
Loss for the year	-	-	-	-	(6,686,110)	(6,686,110)	787	(6,685,323)
Other comprehensive income, net of tax								
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	80,744	-	80,744	-	80,744
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	(481,883)	-	(481,883)	-	(481,883)
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	(288,211)	-	(288,211)	-	(288,211)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	-	-	-	51,041	-	51,041	-	51,041
Currency translation differences	-	-	-	1,194,270	-	1,194,270	-	1,194,270
Total comprehensive loss	-	-	-	555,961	(6,686,110)	(6,130,149)	787	(6,129,362)
Share of other changes in net assets of associates	-	-	-	251,916	-	251,916	-	251,916
Transaction with owners in their capacity as owners								
Equity-settled share-based payments	-	-	-	8,742,962	-	8,742,962	-	8,742,962
Shares held for shares award scheme	3	-	(3)	-	-	-	-	-
Exercise of share options and RSUs vesting	1	5,522,107	3	(5,256,130)	-	265,981	-	265,981
Tax benefit from share-based payments	-	-	-	17,458	-	17,458	-	17,458
Appropriations to general reserves	-	-	-	38,695	(38,695)	-	-	-
Total transaction with owners in their capacity as owners	4	5,522,107	-	3,542,985	(38,695)	9,026,401	-	9,026,401
As of December 31, 2022	415	316,743,344	-	1,484,187	(189,466,336)	128,761,610	(55,893)	128,705,717

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of January 1, 2021	395	263,155,201	-	(6,262,066)	(159,200,503)	97,693,027	(58,752)	97,634,275
Comprehensive loss								
Loss for the year	-	-	-	-	(23,538,379)	(23,538,379)	2,181	(23,536,198)
Other comprehensive loss, net of tax								
Share of other comprehensive								
loss of investments accounted								
for using the equity method	-	-	-	(41,797)	-	(41,797)	-	(41,797)
Fair value changes of other financial								
investments at fair value through								
other comprehensive income	-	-	-	(86,821)	-	(86,821)	-	(86,821)
Fair value changes of debt								
instruments at fair value through								
other comprehensive income	-	-	-	4,795	-	4,795	-	4,795
Net provisions for impairment losses								
on debt instruments at fair value								
through other comprehensive								
income	-	-	-	163,604	-	163,604	-	163,604
Currency translation differences	-	-	-	(1,540,203)	-	(1,540,203)	-	(1,540,203)
Total comprehensive loss	-	-	-	(1,500,422)	(23,538,379)	(25,038,801)	2,181	(25,036,620)
Share of other changes in net assets								
of associates	-	-	-	158,922	-	158,922	-	158,922
Transaction with owners in their								
capacity as owners								
Equity-settled share-based payments	-	-	-	5,193,445	-	5,193,445	-	5,193,445
Shares held for shares award scheme	1	-	(1)	-	-	-	-	-
Exercise of share options and								
RSUs vesting	2	2,780,149	1	(2,508,430)	-	271,722	-	271,722
Issuance of shares upon placement								
and subscription	13	45,285,887	-	-	-	45,285,900	-	45,285,900
Tax benefit from share-based								
payments	-	-	-	535,289	-	535,289	-	535,289
Issuance of convertible bonds (equity								
component)	-	-	-	1,513,938	-	1,513,938	-	1,513,938
Appropriations to general reserves	-	-	-	2,649	(2,649)	-	-	-
Distributions from a non wholly-								
owned subsidiary	-	-	-	-	-	-	(109)	(109)
Total transaction with owners in								
their capacity as owners	16	48,066,036	-	4,736,891	(2,649)	52,800,294	(109)	52,800,185
As of December 31, 2021	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
	<i>(RMB in thousands)</i>	
Net cash flows generated from/(used in) operating activities	11,411,448	(4,011,457)
Net cash flows used in investing activities	(14,713,569)	(58,491,834)
Net cash flows (used in)/generated from financing activities	(9,990,201)	78,598,331
Net (decrease)/increase in cash and cash equivalents	(13,292,322)	16,095,040
Cash and cash equivalents at the beginning of the year	32,513,428	17,093,559
Exchange gains/(losses) on cash and cash equivalents	937,500	(675,171)
Cash and cash equivalents at the end of the year	<u>20,158,606</u>	<u>32,513,428</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, Uglad 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 applicable International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board. The financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

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
IFRS 17 (including the June 2020 and December 2021 Amendments to 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
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	January 1, 2024

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 the quarter ended June 30, 2022, our chief operating decision makers reviewed information under a new reporting structure, and segment reporting was updated to conform to this change. Comparative figures for the whole year of 2021 were reclassified accordingly.

	Year ended December 31, 2022			Total
	Core local commerce	New initiatives	Unallocated items (Note (i))	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	70,063,908	–	–	70,063,908
Commission	55,143,008	1,366,691	–	56,509,699
Online marketing services	30,683,079	85,511	–	30,768,590
Other services and sales (including interest revenue)	4,869,027	57,743,724	–	62,612,751
Total revenues	160,759,022	59,195,926	–	219,954,948
Cost of revenues, operating expenses and unallocated items	(131,256,353)	(87,575,136)	(6,943,907)	(225,775,396)
Including: Delivery related costs	(80,189,722)	–	–	(80,189,722)
Operating (loss)/profit	29,502,669	(28,379,210)	(6,943,907)	(5,820,448)
	Year ended December 31, 2021			
	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	57,102,328	–	–	57,102,328
Commission	47,988,724	1,656,835	–	49,645,559
Online marketing services	28,985,209	99,961	–	29,085,170
Other services and sales (including interest revenue)	2,569,176	40,725,764	–	43,294,940
Total revenues	136,645,437	42,482,560	–	179,127,997
Cost of revenues, operating expenses and unallocated items	(117,834,392)	(78,401,311)	(6,019,493)	(202,255,196)
Including: Delivery related costs	(72,064,077)	–	–	(72,064,077)
Operating (loss)/profit	18,811,045	(35,918,751)	(6,019,493)	(23,127,199)

Note (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/(losses), net and (v) certain corporate administrative expenses and other miscellaneous items. They are not allocated to individual segments.

4 Expenses by nature

	Year ended December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Delivery related costs	80,189,722	72,064,077
Employee benefits expenses	41,619,666	34,767,852
Transaction costs (Note (ii))	33,333,008	26,352,193
Other outsourcing costs	22,563,096	18,657,751
Promotion, advertising and user incentives	20,569,982	23,200,707
Depreciation of property, plant and equipment	9,194,580	8,110,975
Amortisation of intangible assets	535,734	817,044
Auditor's remuneration		
– Audit and audit-related services	41,402	47,879
– Non-audit services	11,264	8,053

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

5 Other gains/(losses), net

	Year ended December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Subsidies and tax preference	2,032,806	1,502,905
Fair value changes and gains from treasury investments	1,442,083	1,319,680
Foreign exchange gains/(losses), net	354,271	(34,977)
Dilution gains	214,521	716,427
Fine imposed pursuant to China's Antimonopoly Law	–	(3,442,440)
Others	121,356	(247,329)
	4,165,037	(185,734)

6 Loss per share

- (a) Basic loss per share for the years ended December 31, 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 year.

	Year ended December 31,	
	2022	2021
Loss for the year attributable to the equity holders of the Company (RMB'000)	(6,686,110)	(23,538,379)
Weighted average number of ordinary shares in issue (thousands)	6,156,595	6,037,677
Basic loss per share (RMB)	(1.09)	(3.90)

- (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 years ended December 31, 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 years ended December 31, 2022 and 2021 were the same as basic loss per share.

7 Income tax credits

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

	Year ended December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Current income tax expenses	(377,248)	(417,262)
Deferred income tax credits	447,442	447,541
	70,194	30,279

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:

	As of December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Trade receivables	2,367,957	2,019,029
Less: allowance for impairment	(315,226)	(225,994)
	2,052,731	1,793,035

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:

	As of December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Trade receivables		
Within 3 months	1,867,157	1,669,739
3 to 6 months	142,353	101,529
6 months to 1 year	33,060	17,861
Over 1 year	10,161	3,906
	2,052,731	1,793,035

9 Trade payables

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

	As of December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Trade payables		
Within 3 months	16,960,247	14,906,908
3 to 6 months	221,416	146,690
6 months to 1 year	87,595	88,042
Over 1 year	110,044	23,979
	17,379,302	15,165,619

10 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2022 and 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 year ended December 31, 2022.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 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.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the announcement of the Company's results for the year ended December 31, 2022 have been agreed by the Auditor to the amounts as set out in the Company's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

Compliance with the Corporate Governance Code

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

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

Save for code provision C.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable during the year ended December 31, 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 ended 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 year ended December 31, 2022.

Events after the Reporting Period

There was no significant events that might affect the Company since December 31, 2022.

Publication of the Annual Results and Annual Report

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange (www.hkexnews.hk) 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, March 24, 2023

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. Neil Nanpeng Shen as non-executive Director, 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 (美团點評) and Internet Plus Holdings Ltd.), 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 ”)
“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 recognized based on the number of payments made; whereas (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