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美团

Meituan

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
Stock Codes: 3690 (HKD counter) and 83690 (RMB counter)

ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023. 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.

HIGHLIGHTS

Financial Summary and Operating Metrics

	Unaudited Three Months Ended				
	December 31, 2023		December 31, 2022		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	73,695,951	100.0%	60,128,939	100.0%	22.6%
Operating profit/(loss)	1,758,134	2.4%	(731,590)	(1.2%)	NA
Profit/(loss) for the period	2,216,987	3.0%	(1,083,541)	(1.8%)	NA
Non-IFRS Accounting Standards measures¹:					
Adjusted EBITDA	3,744,406	5.1%	2,960,883	4.9%	26.5%
Adjusted net profit	4,374,712	5.9%	829,145	1.4%	427.6%

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

	Year Ended				Year-over-year change
	December 31, 2023		December 31, 2022		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	276,744,954	100.0%	219,954,948	100.0%	25.8%
Operating profit/(loss)	13,415,387	4.8%	(5,820,448)	(2.6%)	NA
Profit/(loss) for the year	13,857,331	5.0%	(6,685,323)	(3.0%)	NA
Non-IFRS Accounting Standards measures:					
Adjusted EBITDA	23,878,018	8.6%	9,724,589	4.4%	145.5%
Adjusted net profit	23,253,418	8.4%	2,827,245	1.3%	NA

	Three Months Ended		Year-over-year change
	December 31, 2023	December 31, 2022	
	<i>(in millions, except for percentages)</i>		
Number of On-demand Delivery transactions	6,046.0	4,830.2	25.2%

	Year Ended		Year-over-year change
	December 31, 2023	December 31, 2022	
	<i>(in millions, except for percentages)</i>		
Number of On-demand Delivery transactions	21,893.2	17,670.2	23.9%

Financial Information by Segment

	Unaudited			Total
	Three Months Ended December 31, 2023			
	Core local commerce	New initiatives	Unallocated items ²	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	21,927,023	–	–	21,927,023
Commission	19,426,729	569,576	–	19,996,305
Online marketing services	10,907,096	76,905	–	10,984,001
Other services and sales (including interest revenue)	2,869,794	17,918,828	–	20,788,622
Total revenues	55,130,642	18,565,309	–	73,695,951
Cost of revenues, operating expenses and unallocated items	(47,111,217)	(23,398,001)	(1,428,599)	(71,937,817)
Operating profit/(loss)	8,019,425	(4,832,692)	(1,428,599)	1,758,134

	Unaudited			Total
	Three Months Ended December 31, 2022			
	Core local commerce	New initiatives	Unallocated items	
	<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)
Operating (loss)/profit	7,215,242	(6,365,020)	(1,581,812)	(731,590)

² 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 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	10.9	NA	NA	10.9
Commission	32.7	91.6	NA	33.9
Online marketing services	40.8	209.6	NA	41.4
Other services and sales (including interest revenue)	117.6	9.7	NA	17.8
Total revenues	26.8	11.5	NA	22.6
Cost of revenues, operating expenses and unallocated items	29.9	1.6	(9.7)	18.2
Operating profit/(loss)	11.1	(24.1)	(9.7)	NA

	Year Ended December 31, 2023			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	82,190,980	–	–	82,190,980
Commission	74,630,737	2,057,806	–	76,688,543
Online marketing services	40,266,890	246,326	–	40,513,216
Other services and sales (including interest revenue)	9,818,325	67,533,890	–	77,352,215
Total revenues	206,906,932	69,838,022	–	276,744,954
Cost of revenues, operating expenses and unallocated items	(168,208,085)	(90,004,506)	(5,116,976)	(263,329,567)
Operating profit/(loss)	<u>38,698,847</u>	<u>(20,166,484)</u>	<u>(5,116,976)</u>	<u>13,415,387</u>

	Year Ended December 31, 2022			
	Core local commerce	New initiatives	Unallocated items	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 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)
Operating (loss)/profit	<u>29,502,669</u>	<u>(28,379,210)</u>	<u>(6,943,907)</u>	<u>(5,820,448)</u>
	Year-over-year change			
	Core local commerce	New initiatives	Unallocated items	Total
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	17.3	NA	NA	17.3
Commission	35.3	50.6	NA	35.7
Online marketing services	31.2	188.1	NA	31.7
Other services and sales (including interest revenue)	101.6	17.0	NA	23.5
Total revenues	28.7	18.0	NA	25.8
Cost of revenues, operating expenses and unallocated items	28.2	2.8	(26.3)	16.6
Operating profit/(loss)	31.2	(28.9)	(26.3)	NA

BUSINESS REVIEW AND OUTLOOK

Company Financial Highlights

For the full year of 2023, our revenues increased by 25.8% to RMB276.7 billion from RMB220.0 billion in 2022. Our Core local commerce segment achieved an operating profit of RMB38.7 billion in 2023, which increased by 31.2% from RMB29.5 billion in 2022. Meanwhile, the operating loss for our New initiatives segment narrowed to RMB20.2 billion in 2023 from RMB28.4 billion in 2022. Our profit for the year of 2023 was RMB13.9 billion, compared to the loss of RMB6.7 billion for the year of 2022. Our adjusted EBITDA and adjusted net profit increased to RMB23.9 billion and RMB23.3 billion in 2023, respectively. We also achieved an operating cash inflow of RMB40.5 billion in 2023. We held cash and cash equivalents of RMB33.3 billion and short-term treasury investments of RMB111.8 billion as of December 31, 2023.

Company Business Highlights

Core local commerce

For the full year of 2023, revenue for the Core local commerce segment increased by 28.7% year over year to RMB206.9 billion, thanks to the rapid recovery of local businesses. Operating profit increased by 31.2% year over year to RMB38.7 billion, and operating margin improved slightly to 18.7% from 18.4% in 2022.

For the fourth quarter of 2023, segment revenue increased by 26.8% year over year to RMB55.1 billion. Operating profit increased by 11.1% year over year to RMB8.0 billion, and operating margin was 14.5% in the fourth quarter.

2023 marks the 10-year anniversary of our food delivery business. After continuous innovation and growth over the past decade, our food delivery business further solidified its market leadership and core competence in 2023. Annual Transacting Users of food delivery continued to grow, and mid-to high-frequency users, and their purchase frequency increased steadily. Having food and meals delivered in 30 minutes has become a new lifestyle. It now covers broader consumption categories and caters to a much larger consumer base. As consumer preference evolved throughout 2023, we proactively iterated our business strategies and refined our operations in products, marketing and supply. We expanded the scale of Pin Hao Fan (“拼好飯”) to better satisfy consumer demand in value-for-money selections. Additionally, we refined our operations in high order value products, such as Shen Qiang Shou (“神搶手”), Meal For One (“一人食”) and Must-Order List (“必點榜”). During the process, we enhanced two key competences. The first one is product display. We enhanced our content production capabilities across various formats, including graphics, texts, videos and live streaming, to nurture a vibrant content ecosystem. The other one is promotional schemes. We upgraded and simplified our membership program to make it easier to use by consumers and merchants alike. Our continuous improvement in the shelf-based model, combined with our enhanced marketing ability to sell mega-hit products, allows us to stimulate consumer demand more effectively.

Meituan Instashopping posted another stellar growth with order volume increasing by over 40% year over year in 2023. After rapid expansion over the past five years, it plays a pivotal role in the on-demand retail industry, and connects millions of local retailers and brands with hundreds of millions of consumers. Compared to the food delivery users, the user base of Meituan Instashopping has higher stickiness to our platform and stronger purchasing power, with a significant portion being younger users. While we continued to improve our supply, we noticed that purchase frequency and spending of Meituan Instashopping users grew consistently. Meanwhile, annual Active Merchants of Meituan Instashopping grew by almost 30% year over year in 2023. As more offline retailers embraced the on-demand channel, the quality and diversity of our platform supply also enhanced. We partnered with around 400 brands and supported their transition to online operation. We also expanded our new supply formats to broader regions. Meituan InstaMart (“美团閃電倉”) now covers more than 200 cities. Our improved supply capability has led to elevated user experience and robust growth in order volume. Moreover, we continued to optimize our platform solutions to cope with the evolving demand. For example, we offered consumers one-stop online health services. Consumers could get quick home testing, diagnose online, and have their medicines delivered. We also extended our coverage for 24-hour pharmacies and partnered with chain pharmacies to provide medical insurance payment options.

As we proactively captured the offline consumption rebound, GTV of our in-store, hotel and travel businesses increased by over 100% year over year in 2023. The year-over-year growths of Annual Transacting Users and Annual Active Merchants exceeded 30% and 60%, respectively.

In 2023, we continued to iterate business operations and drive industry transformation. During the year, we enhanced our ability in promoting value-for-money mega-hit products and enriched our video content offerings. Through the Special Deals sessions (“特價團購”), we collaborated with high-quality merchants to offer a diverse selection of discounted deals and improved our traffic allocation efficiency. As a result, order volume from Special Deals (“特價團購”) increased rapidly. We also introduced a combination of live streaming programs, which includes Meituan platform live streaming (“官方直播”), merchant live streaming and sales team live streaming. We can thereby provide vivid recommendations for consumers and satisfy their stockpiling needs. Throughout 2023, the transaction scale from live streaming increased rapidly. Consumers have become more willing to watch live streaming and place orders on our platform. Both Special Deals sessions and live streaming events helped us to further solidify our consumer mindshare of “Everyday Low Price”.

Amidst the changing industry landscape, we continued to optimize our shelf-based search model in order to strengthen our competitive advantage. During 2023, by offering merchant incentives and joint-marketing programs, we not only deepened collaborations with high-quality merchants, but also provided consumers with value-for-money deals. We also lowered the threshold for subscription-based services, thus accelerating merchant onboarding and significantly expanding our merchant base. We provided comprehensive solutions and marketing tools for the newly opened merchants to support their business growth. As a trustworthy platform in local services, we helped merchants accumulate valuable digital assets like user reviews and transaction data to further improve their operations, while helping consumers make consumption decisions more easily. We further optimized our theme-based marketing events and organized more diversified online and offline promotions for our trusted “Must-Eat List” (“必吃榜”), “Must-Eat Festival” (“必吃節”), and “Black Pearl List” (“黑珍珠榜單”), which helped these high-quality merchants further enhance brand awareness and transaction conversions. In addition, we implemented direct operations nationwide to replace the former agency model, so that we can seize more growth opportunities in the lower-tier markets. Throughout the year, we also launched a series of measures to better meet consumer needs and incentivize consumption, such as offering add-on selections for combo meals, and providing delivery service options.

For hotel and travel businesses, we effectively captured the strong industry rebound, by leveraging our expertise in leisure travel and our competitive advantage in the domestic market. Our domestic hotel GTV increased by over 100% year over year in 2023. We enhanced our platform supply and improved live streaming capabilities that could help consumers make informed decisions. Through a combination of live streaming and shelf-based model, we helped hotel merchants improve operational efficiency, acquire user traffic, and sell mega-hit products. We also iterated the Hotel+X products and leveraged our unique positioning in in-store dining to offer more diversified bundle deals. Our expanded effort in marketing and promotions led to record high reservation volume during holiday seasons in 2023. In addition, we further strengthened our presence in the high-star domain, and deepened merchant collaborations through joint marketing events and joint membership programs with high-star hotels. For alternative accommodations, we continued to expand supply, improve our service quality and enhance user experience, after achieving absolute leadership in the domestic market.

New Initiatives

In 2023, revenues from the New initiatives segment increased by 18.0% year over year to RMB69.8 billion. Operating loss narrowed to RMB20.2 billion, while operating margin improved to negative 28.9%, primarily attributable to improvement in operational efficiency across all businesses in this segment.

For the fourth quarter of 2023, revenues from the New initiatives segment increased by 11.5% year over year to RMB18.6 billion. Operating loss for the segment decreased by 24.1% year over year to RMB4.8 billion, and operating margin improved sequentially to negative 26.0%.

Growth of Meituan Select (“美团優選”) slowed down in 2023, as the market size of community e-commerce was relatively flat on year-over-year basis. Despite the year-over-year efficiency improvement, Meituan Select still made significant loss with high operating loss ratio during 2023 mainly due to: 1) scale growth was slower than expected which made it difficult to meaningfully lower fulfillment cost per item; and 2) fierce competition which made it difficult to improve price mark-up ratio and lower subsidies. While Meituan Select is still part of our online grocery strategy, we admitted this market was much tougher than we originally expected. We will make strategic changes and refine the business model in 2024, aiming to significantly reduce the operating loss. We will prioritize on building key competences and improving user experience, rather than focusing on market share. We plan to increase the price mark-up ratio and reduce subsidies in the future, paying more attention to the long-term growth of natural retention rate.

In December 2023, we upgraded the former Meituan Grocery (“美团買菜”) to a new brand – Xiaoxiang Supermarket (“小象超市”), which marks the official transition from grocery to online supermarket. During 2023, GTV from Xiaoxiang Supermarket increased by around 30% year over year. We further enhanced our market position and led the industry growth. During the year, we diversified our product selections to provide consumers with more high-quality items. We also enhanced our ability in private labels. As a result, sales contribution from private labels continued to grow. Our user base, average order value and purchase frequency all increased steadily, indicating a stronger consumer mindshare. Moreover, we steadily improved our operational efficiency through supply chain optimization and fulfillment cost reduction.

Company Outlook and Strategy for 2024

Facing the new macro environment and competitive landscape, we proactively responded to the changes and iterated our business operations in 2023. We are convinced that the domestic consumption market has immense potential, and we are well-positioned to seize growth opportunities. As we venture into 2024, we will continue to enrich our product and service matrix that caters to a broader consumer base and merchant base. We will deep-dive into the intricacies of the on-demand delivery industry, as we firmly believe that having everything delivered to the consumers' doorsteps within 30 minutes will be the next era. In addition, with the continuous emergence of new consumption trends, digital transformation of the local service industry is inevitable, and there is tremendous room for its online penetration. As an industry leader, we will leverage our know-hows, solidify our core competencies, and continue to enhance our capabilities, to facilitate the digital transformation process. Moreover, we will make our utmost effort to benefit all the participants in our ecosystem, create more job opportunities and realize greater social value. We are firmly committed to implementing our "Retail + Technology" corporate strategy and fulfilling our mission that "We help people eat better, live better".

MANAGEMENT DISCUSSION AND ANALYSIS

The Fourth Quarter of 2023 Compared to the Fourth Quarter of 2022

The following table sets forth the comparative figures for the fourth quarter of 2023 and 2022:

	Unaudited	
	Three Months Ended	
	December 31,	December 31,
	2023	2022
	<i>(RMB in thousands)</i>	
Revenues	73,695,951	60,128,939
Including: Interest revenue	438,293	409,525
Cost of revenues	(48,702,612)	(43,195,543)
Gross profit	24,993,339	16,933,396
Selling and marketing expenses	(16,725,310)	(10,766,926)
Research and development expenses	(5,425,285)	(5,242,928)
General and administrative expenses	(2,700,281)	(2,450,697)
Net (provisions for)/reversals of impairment losses on financial and contract assets	(408,417)	19,168
Fair value changes of other financial investments at fair value through profit or loss	(61,652)	187,942
Other gains, net	2,085,740	588,455
Operating profit/(loss)	1,758,134	(731,590)
Finance income	216,153	147,391
Finance costs	(366,725)	(405,168)
Share of profits/(losses) of investments accounted for using the equity method	705,484	(95,873)
Profit/(loss) before income tax	2,313,046	(1,085,240)
Income tax (expenses)/credits	(96,059)	1,699
Profit/(loss) for the period	2,216,987	(1,083,541)
Non-IFRS Accounting Standards measures:		
Adjusted EBITDA	3,744,406	2,960,883
Adjusted net profit	4,374,712	829,145

Revenues

Our revenues increased by 22.6% to RMB73.7 billion for the fourth quarter of 2023 from RMB60.1 billion for the same period of 2022. We achieved revenue growth in both reportable segments.

The following table sets forth our revenues by segment and type for the fourth quarter of 2023 and 2022:

	Unaudited Three Months Ended December 31, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	21,927,023	–	21,927,023
Commission	19,426,729	569,576	19,996,305
Online marketing services	10,907,096	76,905	10,984,001
Other services and sales (including interest revenue)	2,869,794	17,918,828	20,788,622
Total	55,130,642	18,565,309	73,695,951
	<i>(RMB in thousands)</i>		
	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

Our revenues from the Core local commerce segment increased by 26.8% to RMB55.1 billion for the fourth quarter of 2023 from RMB43.5 billion for the same period of 2022. The revenue growth in delivery services and commission was mainly due to the growth in the number of transactions of the Core local commerce segment, which was driven by our supply enhancement, product iterations, and continued recovery in consumption, partially offset by lower average order value of our food delivery and Meituan Instashopping businesses. The revenue growth in online marketing services was mainly attributable to the increases in the number of and the average revenue from online marketing Active Merchants.

Our revenues from the New initiatives segment increased by 11.5% to RMB18.6 billion for the fourth quarter of 2023 from RMB16.7 billion for the same period of 2022. The year-over-year growth was mainly due to the development of our goods retail businesses, partially offset by the contraction of our self-operated ride sharing business.

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, 2023		December 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	48,702,612	66.1%	43,195,543	71.8%
Selling and marketing expenses	16,725,310	22.7%	10,766,926	17.9%
Research and development expenses	5,425,285	7.4%	5,242,928	8.7%
General and administrative expenses	2,700,281	3.7%	2,450,697	4.1%

Cost of Revenues

Our cost of revenues increased by 12.7% to RMB48.7 billion for the fourth quarter of 2023 from RMB43.2 billion for the same period of 2022, and decreased by 5.7 percentage points to 66.1% from 71.8% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily due to the increases in: (i) delivery related costs of our food delivery and Meituan Instashopping businesses, and (ii) cost of revenues of our goods retail businesses. The decrease in cost of revenues as a percentage of revenues on a year-over-year basis was mainly due to: (i) the change of revenue mix, (ii) lower delivery related costs per order of our food delivery and Meituan Instashopping businesses, and (iii) the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 55.3% to RMB16.7 billion for the fourth quarter of 2023 from RMB10.8 billion for the same period of 2022, and increased by 4.8 percentage points to 22.7% from 17.9% as a percentage of revenues on a year-over-year basis. Both the increases in amount and as a percentage of revenues were primarily attributable to the increases in Transacting User incentives as well as promotion and advertising expenses, resulting from the consumption recovery, evolving business circumstances and business strategies. In addition, the increase in employee benefits expenses contributed to the increase in amount of selling and marketing expenses.

Research and Development Expenses

Our research and development expenses was RMB5.4 billion for the fourth quarter of 2023, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.3 percentage points to 7.4% from 8.7% on a year-over-year basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased by 10.2% to RMB2.7 billion for the fourth quarter of 2023 from RMB2.5 billion for the same period of 2022. The percentage of revenues was 3.7%, remaining stable on a year-over-year basis.

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

Our net (provisions for)/reversals of impairment losses on financial and contract assets changed to net provisions of RMB408.4 million for the fourth quarter of 2023 from net reversals of RMB19.2 million for the same period of 2022, 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 changed to a loss of RMB61.7 million for the fourth quarter of 2023 from a gain of RMB187.9 million for the same period of 2022, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the fourth quarter of 2023 was RMB2.1 billion, compared to RMB588.5 million for the same period of 2022, which was primarily attributable to the increase in the fair value changes and gains of treasury investments, as well as in the subsidies and tax preference.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit and operating margin for the fourth quarter of 2023 was RMB1.8 billion and 2.4% respectively, compared to operating loss of RMB731.6 million and operating margin of negative 1.2% for the same period of 2022.

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

	Unaudited Three Months Ended			
	December 31, 2023		December 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	8,019,425	14.5%	7,215,242	16.6%
New initiatives	(4,832,692)	(26.0%)	(6,365,020)	(38.2%)
Unallocated items	(1,428,599)	NA	(1,581,812)	NA
Total operating profit/(loss)	<u>1,758,134</u>	2.4%	<u>(731,590)</u>	(1.2%)

Our operating profit from the Core local commerce segment increased to RMB8.0 billion for the fourth quarter of 2023 from RMB7.2 billion for the same period of 2022 and the operating margin decreased by 2.1 percentage points to 14.5% from 16.6% on a year-over-year basis. The increase in operating profit was mainly attributable to: (i) the growth in the number of transactions of the Core local commerce segment, (ii) lower delivery related costs per order of our food delivery and Meituan Instashopping businesses, and partially offset by (i) lower average order value of food delivery and Meituan Instashopping businesses; and (ii) higher Transacting User incentives as well as more promotion and advertising expenses. The decrease in operating margin was mainly due to lower average order value of food delivery and Meituan Instashopping businesses, higher Transacting User incentive ratio and more promotion and advertising expenses.

Our operating loss from the New initiatives segment narrowed to RMB4.8 billion for the fourth quarter of 2023 from RMB6.4 billion for the same period of 2022, and the operating margin for this segment improved by 12.2 percentage points to negative 26.0% from negative 38.2% on a year-over-year basis. The improvements in both operating loss and operating margin were primarily attributable to our efforts to improve operating efficiency.

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

Our share of profits/(losses) of investments accounted for using the equity method changed to a profit of RMB705.5 million for the fourth quarter of 2023 from a loss of RMB95.9 million for the same period of 2022, which primarily resulted from the fluctuation of the financial results of our investees.

Profit/(Loss) for the Period

As a result of the foregoing, we had a profit of RMB2.2 billion for the fourth quarter of 2023, compared to a loss of RMB1.1 billion for the same period of 2022.

The Fourth Quarter of 2023 Compared to the Third Quarter of 2023

The following table sets forth the comparative figures for the fourth quarter of 2023 and the third quarter of 2023:

	Unaudited	
	Three Months Ended	
	December 31,	September 30,
	2023	2023
	<i>(RMB in thousands)</i>	
Revenues	73,695,951	76,466,907
Including: Interest revenue	438,293	385,674
Cost of revenues	(48,702,612)	(49,484,515)
Gross profit	24,993,339	26,982,392
Selling and marketing expenses	(16,725,310)	(16,905,422)
Research and development expenses	(5,425,285)	(5,321,157)
General and administrative expenses	(2,700,281)	(2,537,785)
Net provisions for impairment losses on financial and contract assets	(408,417)	(276,377)
Fair value changes of other financial investments at fair value through profit or loss	(61,652)	28,089
Other gains, net	2,085,740	1,388,793
Operating profit	1,758,134	3,358,533
Finance income	216,153	201,225
Finance costs	(366,725)	(350,950)
Share of profits of investments accounted for using the equity method	705,484	434,521
Profit before income tax	2,313,046	3,643,329
Income tax expenses	(96,059)	(50,095)
Profit for the period	2,216,987	3,593,234
Non-IFRS Accounting Standards measures:		
Adjusted EBITDA	3,744,406	6,189,201
Adjusted net profit	4,374,712	5,727,397

Revenues

Our revenues decreased by 3.6% to RMB73.7 billion for the fourth quarter of 2023 from RMB76.5 billion for the third quarter of 2023. The decrease was primarily due to the seasonality of our businesses.

The following table sets forth our revenues by segment and type for the fourth quarter of 2023 and the third quarter of 2023:

	Unaudited Three Months Ended December 31, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	21,927,023	–	21,927,023
Commission	19,426,729	569,576	19,996,305
Online marketing services	10,907,096	76,905	10,984,001
Other services and sales (including interest revenue)	2,869,794	17,918,828	20,788,622
Total	55,130,642	18,565,309	73,695,951
	Unaudited Three Months Ended September 30, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	22,983,696	–	22,983,696
Commission	20,986,527	550,181	21,536,708
Online marketing services	11,369,580	69,641	11,439,221
Other services and sales (including interest revenue)	2,351,205	18,156,077	20,507,282
Total	57,691,008	18,775,899	76,466,907

Our revenues from the Core local commerce segment decreased by 4.4% to RMB55.1 billion for the fourth quarter of 2023 from RMB57.7 billion for the third quarter of 2023. The revenue decrease was primarily due to the decrease in the number of our food delivery business transactions and the decreased GTV of our in-store, hotel and travel businesses resulting from seasonality impact, partially offset by the increased number of transactions of Meituan Instashopping business.

Our revenues from the New initiatives segment decreased by 1.1% to RMB18.6 billion for the fourth quarter of 2023 from RMB18.8 billion for the third quarter of 2023, mainly due to the seasonality of our certain new initiatives.

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, 2023		September 30, 2023	
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	48,702,612	66.1%	49,484,515	64.7%
Selling and marketing expenses	16,725,310	22.7%	16,905,422	22.1%
Research and development expenses	5,425,285	7.4%	5,321,157	7.0%
General and administrative expenses	2,700,281	3.7%	2,537,785	3.3%

Cost of Revenues

Our cost of revenues decreased by 1.6% to RMB48.7 billion for the fourth quarter of 2023 from RMB49.5 billion for the third quarter of 2023, and increased by 1.4 percentage points to 66.1% from 64.7% as a percentage of revenues. The decrease in amount was primarily attributable to the decreases in delivery related costs driven by decreased Number of On-demand Delivery transactions and cost of revenues of our retail businesses. The increase in cost of revenues as a percentage of revenues was mainly due to higher courier incentives and lower average order value of our food delivery and Meituan Instashopping businesses due to seasonality, partially offset by the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses was RMB16.7 billion for the fourth quarter of 2023, remaining stable on a quarter-over-quarter basis. The percentage of revenues increased by 0.6 percentage points to 22.7% from 22.1% on a quarter-over-quarter basis.

Research and Development Expenses

Our research and development expenses was RMB5.4 billion for the fourth quarter of 2023, and the percentage of revenues was 7.4%, both of which remained stable on a quarter-over-quarter basis.

General and Administrative Expenses

Our general and administrative expenses increased by 6.4% to RMB2.7 billion for the fourth quarter of 2023 from RMB2.5 billion for the third quarter of 2023. The percentage of revenues was 3.7%, remaining stable 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 increased to RMB408.4 million for the fourth quarter of 2023 from RMB276.4 million for the third quarter of 2023, 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 changed to a loss of RMB61.7 million for the fourth quarter of 2023 from a gain of RMB28.1 million for the third quarter of 2023, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the fourth quarter of 2023 was RMB2.1 billion, compared to RMB1.4 billion for the third quarter of 2023, which was primarily attributable to the increase in the fair value changes and gains of treasury investments, as well as in the subsidies and tax preference.

Operating Profit

As a result of the foregoing, our operating profit and operating margin for the fourth quarter of 2023 were RMB1.8 billion and 2.4% respectively, compared to operating profit of RMB3.4 billion and operating margin of 4.4% for the third quarter of 2023.

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

	Unaudited Three Months Ended			
	December 31, 2023		September 30, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	8,019,425	14.5%	10,095,831	17.5%
New initiatives	(4,832,692)	(26.0%)	(5,111,976)	(27.2%)
Unallocated items	(1,428,599)	NA	(1,625,322)	NA
Total operating profit	<u>1,758,134</u>	2.4%	<u>3,358,533</u>	4.4%

Our operating profit from the Core local commerce segment decreased to RMB8.0 billion for the fourth quarter of 2023 from RMB10.1 billion for the third quarter of 2023. The operating margin for this segment decreased by 3.0 percentage points to 14.5% from 17.5% on a quarter-over-quarter basis. The decrease in operating profit was mainly due to the decrease in GTV of Core local commerce segment on a quarter-over-quarter basis, as a result of seasonality. The decrease in operating margin was mainly due to (i) higher Transacting User incentive ratio, and (ii) higher courier incentives and lower average order value of our food delivery and Meituan Instashopping businesses due to seasonality.

Our operating loss from the New initiatives segment narrowed to RMB4.8 billion for the fourth quarter of 2023 from RMB5.1 billion for the third quarter of 2023, and our operating margin for this segment improved by 1.2 percentage points to negative 26.0% from negative 27.2% on a quarter-over-quarter basis. The improvements in operating loss and operating margin were primarily attributable to our efforts to improve operating efficiency, partially offset by the seasonality of our certain new initiatives.

Share of Profits of Investments Accounted for Using the Equity Method

Our share of profits of investments accounted for using the equity method increased to RMB705.5 million for the fourth quarter of 2023 from RMB434.5 million for the third quarter of 2023, which primarily resulted from the fluctuation of the financial results of our investees.

Profit for the Period

As a result of the foregoing, we had a profit of RMB2.2 billion for the fourth quarter of 2023, compared to a profit of RMB3.6 billion for the third quarter of 2023.

The Year ended December 31, 2023 Compared to the Year ended December 31, 2022

The following table sets forth the comparative figures for the years ended December 31, 2023 and 2022:

	Year Ended	
	December 31, 2023	December 31, 2022
	<i>(RMB in thousands)</i>	
Revenues	276,744,954	219,954,948
Including: Interest revenue	1,449,743	1,133,670
Cost of revenues	(179,553,793)	(158,201,969)
Gross profit	97,191,161	61,752,979
Selling and marketing expenses	(58,616,997)	(39,745,112)
Research and development expenses	(21,201,005)	(20,739,865)
General and administrative expenses	(9,372,067)	(9,771,810)
Net provisions for impairment losses on financial and contract assets	(1,135,405)	(468,620)
Fair value changes of other financial investments at fair value through profit or loss	234,227	(1,013,057)
Other gains, net	6,315,473	4,165,037
Operating profit/(loss)	13,415,387	(5,820,448)
Finance income	818,986	657,908
Finance costs	(1,425,157)	(1,628,825)
Share of profits of investments accounted for using the equity method	1,212,652	35,848
Profit/(loss) before income tax	14,021,868	(6,755,517)
Income tax (expenses)/credits	(164,537)	70,194
Profit/(loss) for the year	13,857,331	(6,685,323)
Non-IFRS Accounting Standards measures:		
Adjusted EBITDA	23,878,018	9,724,589
Adjusted net profit	23,253,418	2,827,245

Revenues

Our revenues increased by 25.8% to RMB276.7 billion in 2023 from RMB220.0 billion in 2022. 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 2023 and 2022:

	Year Ended December 31, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	82,190,980	–	82,190,980
Commission	74,630,737	2,057,806	76,688,543
Online marketing services	40,266,890	246,326	40,513,216
Other services and sales (including interest revenue)	9,818,325	67,533,890	77,352,215
Total	206,906,932	69,838,022	276,744,954
	<i>(RMB in thousands)</i>		
	Year Ended December 31, 2022		
	Core local commerce	New initiatives	Total
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

Our revenues from the Core local commerce segment increased by 28.7% to RMB206.9 billion in 2023 from RMB160.8 billion in 2022. The revenue growth in delivery services and commission was mainly due to the increase in the Number of On-demand Delivery transactions and GTV of our in-store, hotel and travel businesses. The growth in online marketing services was mainly attributable to the increase in the number of and the average revenue from online marketing Active Merchants.

Our revenues from the New initiatives segment increased by 18.0% to RMB69.8 billion in 2023 from RMB59.2 billion in 2022, mainly due to the growth of our goods retail businesses and partially offset by the contraction of our self-operated ride sharing business.

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, 2023		December 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	179,553,793	64.9%	158,201,969	71.9%
Selling and marketing expenses	58,616,997	21.2%	39,745,112	18.1%
Research and development expenses	21,201,005	7.7%	20,739,865	9.4%
General and administrative expenses	9,372,067	3.4%	9,771,810	4.4%

Cost of Revenues

Our cost of revenues increased by 13.5% to RMB179.6 billion in 2023 from RMB158.2 billion in 2022 and decreased by 7.0 percentage points to 64.9% from 71.9% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily due to the increases in: (i) delivery related costs of our food delivery and Meituan Instashopping businesses, and (ii) cost of revenues of our goods retail businesses. The decrease in cost of revenues as a percentage of revenues on a year-over-year basis was mainly attributable to: (i) the change of revenue mix, (ii) lower delivery related costs per order of our food delivery and Meituan Instashopping businesses, and (iii) the improved gross margin of our goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 47.5% to RMB58.6 billion in 2023 from RMB39.7 billion in 2022, and increased by 3.1 percentage points to 21.2% from 18.1% as a percentage of revenues on a year-over-year basis. Both the increases in amount and as a percentage of revenues were primarily attributable to the increases in Transacting User incentives as well as promotion and advertising expenses, resulting from the consumption recovery, evolving business circumstances and business strategies. In addition, the increase in employee benefits expenses contributed to the increase in amount of selling and marketing expenses.

Research and Development Expenses

Our research and development expenses was RMB21.2 billion in 2023, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.7 percentage points to 7.7% from 9.4% on a year-over-year basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses was RMB9.4 billion in 2023, remaining stable on a year-over-year basis. The percentage of revenues decreased by 1.0 percentage points to 3.4% from 4.4% on a year-over-year basis, primarily due 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 RMB1.1 billion in 2023 from RMB468.6 million in 2022, 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 changed to a gain of RMB234.2 million in 2023 from a loss of RMB1.0 billion in 2022, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net in 2023 was RMB6.3 billion, compared to RMB4.2 billion in 2022, which was primarily due to the increase in the fair value changes and gains of treasury investments.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit and operating margin in 2023 was RMB13.4 billion and 4.8% respectively, compared to operating loss of RMB5.8 billion and operating margin of negative 2.6% in 2022.

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

	Year Ended			
	December 31, 2023		December 31, 2022	
	As a		As a	
	percentage		percentage	
	of revenues		of revenues	
	Amount	Amount	Amount	Amount
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	38,698,847	18.7%	29,502,669	18.4%
New initiatives	(20,166,484)	(28.9%)	(28,379,210)	(47.9%)
Unallocated items	(5,116,976)	NA	(6,943,907)	NA
Total operating profit/(loss)	<u>13,415,387</u>	4.8%	<u>(5,820,448)</u>	(2.6%)

Our operating profit from the Core local commerce segment increased to RMB38.7 billion in 2023 from RMB29.5 billion in 2022. The operating margin for this segment increased by 0.3 percentage points to 18.7% from 18.4% on a year-over-year basis. The increase in operating profit was mainly attributable to revenue growth and partially offset by higher Transacting User incentives. The increase in operating margin was mainly due to: (i) the improvement of the unit economics for our food delivery and Meituan Instashopping businesses, and (ii) partially offset by higher Transacting User incentive ratio.

Our operating loss from the New initiatives segment narrowed to RMB20.2 billion in 2023 from RMB28.4 billion in 2022, and our operating margin for this segment improved by 19.0 percentage points to negative 28.9% from negative 47.9% on a year-over-year basis. The improvements in both operating loss and operating margin were primarily attributable to our efforts to improve 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 increased to RMB1.2 billion in 2023 from RMB35.8 million in 2022, which primarily resulted from the fluctuation of the financial results of our investees.

Profit/(Loss) for the Year

As a result of the foregoing, we had a profit of RMB13.9 billion in 2023, compared to a loss of RMB6.7 billion in 2022.

Reconciliation of Non-IFRS Accounting Standards Measures to the Nearest IFRS Accounting Standards Measures

To supplement our consolidated results which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted EBITDA and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS Accounting Standards 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 Accounting Standards 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 Accounting Standards. In addition, these non-IFRS Accounting Standards 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, 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 of property, plant and equipment, and certain impairment and expense reversal/(provision).

Adjusted net profit 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 Accounting Standards measures for the three months ended December 31, 2023 and 2022, the three months ended September 30, 2023, and the years ended December 31, 2023 and 2022 to the nearest measures prepared in accordance with IFRS Accounting Standards.

	Unaudited		
	Three Months Ended		
	December 31,	December 31,	September 30,
	2023	2022	2023
	<i>(RMB in thousands)</i>		
Profit/(loss) for the period	2,216,987	(1,083,541)	3,593,234
Adjusted for:			
Share-based compensation expenses	1,857,422	2,321,115	2,138,443
Net losses/(gains) from investments (Note (i))	98,933	(390,604)	(95,835)
Impairment and expense provision/(reversal)	242,223	(238,687)	55,183
Amortisation of intangible assets resulting from acquisitions	42,825	117,779	42,793
Tax effects on non-IFRS Accounting Standards adjustments	(83,678)	103,083	(6,421)
Adjusted net profit	4,374,712	829,145	5,727,397
Adjusted for:			
Income tax expenses/(credits), except for tax effects on non-IFRS Accounting Standards adjustments	179,737	(104,782)	56,516
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit	(742,765)	150,781	(455,779)
Finance income	(216,153)	(147,391)	(201,225)
Finance costs	366,725	405,168	350,950
Other gains, net not adjusted for adjusted net profit	(2,085,740)	(539,832)	(1,299,789)
Amortisation of software and others	16,037	16,038	15,799
Depreciation of property, plant and equipment	1,851,853	2,351,756	1,995,332
Adjusted EBITDA	3,744,406	2,960,883	6,189,201

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

	Year Ended	
	December 31, 2023	December 31, 2022
	<i>(RMB in thousands)</i>	
Profit/(loss) for the year	13,857,331	(6,685,323)
Adjusted for:		
Share-based compensation expenses	8,383,353	8,742,962
Net losses from investments	12,486	193,472
Impairment and expense provision	817,785	322,872
Amortisation of intangible assets resulting from acquisitions	246,190	471,372
Tax effects on non-IFRS Accounting Standards adjustments	(63,727)	(218,110)
Adjusted net profit	23,253,418	2,827,245
Adjusted for:		
Income tax expenses, except for tax effects on non-IFRS Accounting Standards adjustments	228,264	147,916
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit	(1,554,673)	290,822
Finance income	(818,986)	(657,908)
Finance costs	1,425,157	1,628,825
Other gains, net not adjusted for adjusted net profit	(6,405,729)	(3,771,253)
Amortisation of software and others	62,744	64,362
Depreciation of property, plant and equipment	7,687,823	9,194,580
Adjusted EBITDA	23,878,018	9,724,589

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 RMB33.3 billion and short-term treasury investments of RMB111.8 billion as of December 31, 2023.

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

	Year Ended	
	December 31, 2023	December 31, 2022
	<i>(RMB in thousands)</i>	
Net cash flows generated from operating activities	40,521,850	11,411,448
Net cash flows used in investing activities	(24,663,844)	(14,713,569)
Net cash flows used in financing activities	(2,781,303)	(9,990,201)
Net increase/(decrease) in cash and cash equivalents	13,076,703	(13,292,322)
Cash and cash equivalents at the beginning of the year	20,158,606	32,513,428
Exchange gains on cash and cash equivalents	104,445	937,500
Cash and cash equivalents at the end of the year	<u>33,339,754</u>	<u>20,158,606</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 profit for the year, as adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2023, net cash flows generated from operating activities was RMB40.5 billion, which was primarily attributable to our profit before income tax, as adjusted by (i) share-based compensation expenses, depreciation and amortisation and fair value changes and gains related to treasury investments and other investments, and (ii) the changes in working capital, which primarily consisted of the increase in certain current liabilities driven by business recovery.

Net Cash Flows Used in Investing Activities

For the year ended December 31, 2023, net cash flows used in investing activities was RMB24.7 billion, which was composed of 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, 2023, net cash flows used in financing activities was RMB2.8 billion, which was mainly attributable to the payments of lease liabilities.

Gearing ratio

As of December 31, 2023, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 36%.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Year ended December 31,	
		2023	2022
<i>(RMB in thousands)</i>			
Revenues	3	276,744,954	219,954,948
Including: Interest revenue		1,449,743	1,133,670
Cost of revenues	4	(179,553,793)	(158,201,969)
Gross profit		97,191,161	61,752,979
Selling and marketing expenses	4	(58,616,997)	(39,745,112)
Research and development expenses	4	(21,201,005)	(20,739,865)
General and administrative expenses	4	(9,372,067)	(9,771,810)
Net provisions for impairment losses on financial and contract assets		(1,135,405)	(468,620)
Fair value changes of other financial investments at fair value through profit or loss		234,227	(1,013,057)
Other gains, net	5	6,315,473	4,165,037
Operating profit/(loss)	3	13,415,387	(5,820,448)
Finance income		818,986	657,908
Finance costs		(1,425,157)	(1,628,825)
Share of profits of investments accounted for using the equity method		1,212,652	35,848
Profit/(loss) before income tax		14,021,868	(6,755,517)
Income tax (expenses)/credits	7	(164,537)	70,194
Profit/(loss) for the year		13,857,331	(6,685,323)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		13,855,828	(6,686,110)
Non-controlling interests		1,503	787
		13,857,331	(6,685,323)
		RMB	RMB
Earnings/(loss) per share for profit/(loss) for the year attributable to the equity holders of the Company	6		
Basic earnings/(loss) per share		2.23	(1.09)
Diluted earnings/(loss) per share		2.11	(1.09)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Profit/(loss) for the year	13,857,331	(6,685,323)
Other comprehensive income, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	5,192	(4,516)
Fair value changes of debt instruments at fair value through other comprehensive income	334,551	(288,211)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	142,190	51,041
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	275,055	1,194,270
Share of other comprehensive income of investments accounted for using the equity method	36,880	85,260
Fair value changes of other financial investments at fair value through other comprehensive income	(426,513)	(481,883)
Other comprehensive income for the year	367,355	555,961
Total comprehensive income/(loss) for the year	14,224,686	(6,129,362)
Total comprehensive income/(loss) for the year attributable to:		
Equity holders of the Company	14,223,183	(6,130,149)
Non-controlling interests	1,503	787
	14,224,686	(6,129,362)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

		As of December 31,	
	Note	<u>2023</u>	<u>2022</u>
		<i>(RMB in thousands)</i>	
ASSETS			
Non-current assets			
Property, plant and equipment		25,977,845	22,201,259
Intangible assets		30,397,947	30,642,975
Deferred tax assets		1,914,449	1,497,106
Long-term treasury investments		8,527,142	8,114,058
Other financial investments at fair value through profit or loss		18,481,104	15,073,013
Investments accounted for using the equity method		18,289,183	16,582,381
Other financial investments at fair value through other comprehensive income		2,314,536	2,321,865
Prepayments, deposits and other assets		4,011,247	4,903,068
		<u>109,913,453</u>	<u>101,335,725</u>
Current assets			
Inventories		1,304,595	1,162,765
Trade receivables	8	2,742,999	2,052,731
Prepayments, deposits and other assets		14,534,923	13,292,494
Short-term treasury investments		111,820,679	91,873,270
Restricted cash		19,373,229	14,605,601
Cash and cash equivalents		33,339,754	20,158,606
		<u>183,116,179</u>	<u>143,145,467</u>
Total assets		<u>293,029,632</u>	<u>244,481,192</u>
EQUITY			
Share capital		418	415
Share premium		325,578,612	316,743,344
Shares held for shares award scheme		–	–
Other reserves		2,051,062	1,484,187
Accumulated losses		(175,616,885)	(189,466,336)
Equity attributable to equity holders of the Company		<u>152,013,207</u>	128,761,610
Non-controlling interests		<u>(56,840)</u>	(55,893)
Total equity		<u>151,956,367</u>	<u>128,705,717</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2023

	Note	As of December 31,	
		2023	2022
		<i>(RMB in thousands)</i>	
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		968,230	846,103
Financial liabilities at fair value through profit or loss		378,720	100,000
Borrowings		610,103	1,548,967
Notes payable		34,610,966	33,607,372
Lease liabilities		3,598,252	3,203,163
Other non-current liabilities		32,899	39,773
		<u>40,199,170</u>	<u>39,345,378</u>
Current liabilities			
Trade payables	9	22,980,506	17,379,302
Payables to merchants		23,798,004	12,432,342
Advances from transacting users		8,547,635	5,081,178
Other payables and accruals		17,942,215	16,655,307
Borrowings		19,321,793	17,562,145
Deferred revenues		5,598,132	5,053,375
Lease liabilities		2,479,785	2,165,978
Income tax liabilities		206,025	100,470
		<u>100,874,095</u>	<u>76,430,097</u>
Total liabilities		<u>141,073,265</u>	<u>115,775,475</u>
Total equity and liabilities		<u>293,029,632</u>	<u>244,481,192</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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, 2023	415	316,743,344	-	1,484,187	(189,466,336)	128,761,610	(55,893)	128,705,717
Comprehensive income								
Profit for the year	-	-	-	-	13,855,828	13,855,828	1,503	13,857,331
Other comprehensive income, net of tax								
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	42,072	-	42,072	-	42,072
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	(426,513)	-	(426,513)	-	(426,513)
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	334,551	-	334,551	-	334,551
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	-	-	-	142,190	-	142,190	-	142,190
Currency translation differences	-	-	-	275,055	-	275,055	-	275,055
Total comprehensive income	-	-	-	367,355	13,855,828	14,223,183	1,503	14,224,686
Share of other changes in net assets of associates	-	-	-	322,150	-	322,150	-	322,150
Transaction with owners in their capacity as owners								
Equity-settled share-based payments	-	-	-	8,394,315	-	8,394,315	-	8,394,315
Shares held for shares award scheme	2	-	(2)	-	-	-	-	-
Exercise of share options and RSUs vesting	1	8,835,268	2	(8,739,989)	-	95,282	-	95,282
Distributions from a non wholly-owned subsidiary	-	-	-	-	-	-	(2,450)	(2,450)
Tax benefit from share-based payments	-	-	-	216,667	-	216,667	-	216,667
Appropriations to general reserves	-	-	-	6,377	(6,377)	-	-	-
Total transaction with owners in their capacity as owners	3	8,835,268	-	(122,630)	(6,377)	8,706,264	(2,450)	8,703,814
As of December 31, 2023	418	325,578,612	-	2,051,062	(175,616,885)	152,013,207	(56,840)	151,956,367

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Year ended December 31,	
	<u>2023</u>	<u>2022</u>
	<i>(RMB in thousands)</i>	
Net cash flows generated from operating activities	40,521,850	11,411,448
Net cash flows used in investing activities	(24,663,844)	(14,713,569)
Net cash flows used in financing activities	(2,781,303)	(9,990,201)
Net increase/(decrease) in cash and cash equivalents	13,076,703	(13,292,322)
Cash and cash equivalents at the beginning of the year	20,158,606	32,513,428
Exchange gains on cash and cash equivalents	104,445	937,500
Cash and cash equivalents at the end of the year	<u>33,339,754</u>	<u>20,158,606</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 applicable International Financial Reporting Standards, issued by the International Accounting Standards Board ("IFRS Accounting Standards"). 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

New standard and amendments adopted by the Company

The Company has applied the following new standard and amendments for the first time commencing January 1, 2023:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12 (Note (i))	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Note (i) The Company applied Amendments to IAS 12 from the effective date on January 1, 2023. In accordance with the amendments, the Company recognised deferred tax related to assets and liabilities arising from a single transaction of leases that gave rise to equal taxable and deductible temporary differences on the initial recognition of leases that occurred on or after the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest comparative period presented being January 1, 2022, an adjustment of RMB902 million was recognised to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resulting deferred tax assets and deferred tax liabilities were set off and presented on a net basis on the consolidated statement of financial position. Applying the amendments mentioned above, there was nil impact on the opening balance of accumulated losses for the reporting periods presented.

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

New amendments not yet adopted by the Company

The following new amendments have been issued, but are not effective for the Company's financial year beginning on January 1, 2023 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, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

The Company is in the process of assessing potential impact of the above new amendments that is relevant to the Company upon initial application. According to the preliminary assessment, the above new amendments are not expected to have any significant impact on the Company's financial positions and results of operations upon adopting the above new amendments. The management of the Company plans to adopt these new amendments when they become effective.

3 Segment information

The segment information provided to our chief operating decision makers for the reportable segments for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023			Total
	Core local commerce	New initiatives	Unallocated items (Note (ii))	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	82,190,980	–	–	82,190,980
Commission	74,630,737	2,057,806	–	76,688,543
Online marketing services	40,266,890	246,326	–	40,513,216
Other services and sales (including interest revenue)	9,818,325	67,533,890	–	77,352,215
Total revenues	206,906,932	69,838,022	–	276,744,954
Cost of revenues, operating expenses and unallocated items	(168,208,085)	(90,004,506)	(5,116,976)	(263,329,567)
Operating profit/(loss)	38,698,847	(20,166,484)	(5,116,976)	13,415,387
	Year ended December 31, 2022			
	Core local commerce	New initiatives	Unallocated items	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 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)
Operating (loss)/profit	29,502,669	(28,379,210)	(6,943,907)	(5,820,448)

Note (ii) 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 items. They are not allocated to individual segments.

4 Expenses by nature

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Delivery related costs	90,744,081	80,189,722
Employee benefits expenses	43,094,011	41,619,666
Transaction costs (Note (iii))	38,906,399	33,333,008
Promotion, advertising and user incentives	36,474,673	20,569,982
Other outsourcing costs	27,863,828	22,563,096
Depreciation of property, plant and equipment	7,687,823	9,194,580
Amortisation of intangible assets	308,934	535,734
Auditor's remuneration		
– Audit and audit-related services	32,197	41,402
– Non-audit services	2,434	11,264

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

5 Other gains, net

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Fair value changes and gains of treasury investments	4,108,802	1,442,083
Subsidies and tax preference	2,026,177	2,032,806
Foreign exchange gains, net	74,998	354,271
Others	105,496	335,877
	6,315,473	4,165,037

6 Earnings/(loss) per share

- (a) Basic earnings/(loss) per share for the years ended December 31, 2023 and 2022 were calculated by dividing the profit/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the year.

	Year ended December 31,	
	2023	2022
Profit/(loss) for the year attributable to the equity holders of the Company (RMB'000)	13,855,828	(6,686,110)
Weighted average number of ordinary shares outstanding (thousands)	6,212,999	6,156,595
Basic earnings/(loss) per share (RMB)	2.23	(1.09)

- (b) The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares (denominator) outstanding to assume conversion of all potential dilutive ordinary shares arising from share options and RSUs granted by the Company. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings/(loss) per share. In addition, profit/(loss) for the year attributable to the equity holders of the Company (numerator) has been adjusted by all the dilutive effects.

	Year ended December 31,	
	2023	2022
Profit/(loss) for the year attributable to the equity holders of the Company used as the numerator in calculating diluted earnings/(loss) per share (RMB'000)	13,270,533	(6,686,110)
Weighted average number of ordinary shares outstanding (thousands)	6,212,999	6,156,595
Adjustments for the dilutive impact of share options and RSUs (thousands)	87,269	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share (thousands)	6,300,268	6,156,595
Diluted earnings/(loss) per share (RMB)	2.11	(1.09)

7 Income tax (expenses)/credits

The following table sets forth our income tax (expenses)/credits for the years indicated:

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Current income tax expenses	(388,300)	(377,248)
Deferred income tax credits	223,763	447,442
	(164,537)	70,194

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,	
	2023	2022
	<i>(RMB in thousands)</i>	
Trade receivables	3,034,648	2,367,957
Less: allowance for impairment	(291,649)	(315,226)
	<u>2,742,999</u>	<u>2,052,731</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:

	As of December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Trade receivables		
Within 3 months	2,411,778	1,867,157
3 to 6 months	250,334	142,353
6 months to 1 year	66,861	33,060
Over 1 year	14,026	10,161
	<u>2,742,999</u>	<u>2,052,731</u>

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, 2023 and 2022, the aging analysis of the trade payables based on invoice date is as follows:

	As of December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Trade payables		
Within 3 months	22,467,344	16,960,247
3 to 6 months	194,288	221,416
6 months to 1 year	129,805	87,595
Over 1 year	189,069	110,044
	<u>22,980,506</u>	<u>17,379,302</u>

10 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2023 and 2022.

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, 2023.

Following the year ended December 31, 2023 and as at the date of this announcement, the Company repurchased a total of 44,131,100 Class B Shares (the "Shares Repurchased") on the Stock Exchange at the aggregate consideration of HK\$3,199,839,636.20 before expenses. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	<u>44,131,100</u>	77.05	68.20	<u>3,199,839,636.20</u>
Total	<u>44,131,100</u>			<u>3,199,839,636.20</u>

All of the Shares Repurchased were subsequently cancelled on February 20, 2024. On the same date, Mr. Mu Rongjun, as a WVR beneficiary, simultaneously converted 4,248,771 Class A Shares into Class B Shares on a one-to-one ratio pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of Shares carrying WVR shall not be increased, pursuant to the requirements under Rule 8A.13 and 8A.15 of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Company will hold its annual general meeting (the "AGM") on Friday, June 21, 2024. The register of members of the Company will be closed from Tuesday, June 18, 2024 to Friday, June 21, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 17, 2024.

Audit Committee

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2023. 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, 2023 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.

Events After the Reporting Period

Save for the on-market repurchase of 44,131,100 Class B Shares in January 2024 as disclosed above, there were no other material subsequent events during the period from January 1, 2024 to the date of 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 C1 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, 2023. 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.

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 C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, the Directors have respectively confirmed their compliance with the required standards as set out in the Model Code during the year ended December 31, 2023.

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 22, 2024

As at the date of this announcement, the Board comprises Mr. Wang Xing and Mr. Mu Rongjun as executive Directors, Mr. Neil Nanpeng Shen as non-executive Director, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong, Dr. Shum Heung Yeung Harry and Ms. Marjorie Mun Tak Yang 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 seventh amended and restated articles of association of the Company adopted by special resolution passed on June 30, 2023
“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 C1 to the Listing Rules
“Class A Shares”	Class A shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	Class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company,” “the Company”	Meituan (美团), 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 Accounting Standards”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“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
“WVR”	weighted voting rights as ascribed in Rule 8A.02 of the Listing Rules
“%”	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 instore 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